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PARIS, WEDNESDAY, OCTOBER 7, 1981

Established 1887

Sadat Slain by Gunmen in Cairo Attack; Hopes for Mideast Stability Diminish



Security men and armed troops milled around the assassination scene at the military parade area in Cairo on Tuesday minutes after President Anwar Sadat was shot. The president's body was removed by helicopter. A dead security man lies on the ground.

Begin Hopes Peace Process Will Go On

By William Claiborne

Washington Post Service

JERUSALEM — The assassination of Egyptian President Anwar Sadat plunged Israel into doubt about the future of Middle East peace, as Israeli leaders anxiously sought signals of continuity of the peace process that in 1977 ended three decades of warfare between the two nations.

Israeli Prime Minister Menachem Begin, his voice quivering with emotion, said Tuesday night after an emergency meeting of his senior Cabinet officials that he prayed that the first rapprochement with an Arab world power would not also sit at the hands of "the enemies of peace."

"The criminals assassinated one of the great fighters for peace in our generation," Mr. Begin announced in an occasionally breaking voice. "The people of Israel share in the mourning of the Egyptian people for those who fell victim to the enemies of peace."

Process to Continue

The Israeli prime minister recalled that the entire free world rejoiced over Mr. Sadat's 1977 visit to Jerusalem, and that the world similarly would grieve over his death. But Mr. Begin said, the peace process will continue "as President Sadat would have wished it would continue, despite the efforts of the enemies of peace."

Inside Egypt

There were similar expressions of cautious optimism from other Israeli leaders, but also indications of doubt over whether Israel can maintain a semblance of momentum for peace without the chief architect of the Camp David process.

Former Foreign Minister Moshe Dayan said that the assassination "puts a very big question mark about the continuation of the peace treaty because of his [Mr. Sadat] personal rule."

"You cannot ignore the personal rule of Sadat. If [Vice President] Hosni Mubarak or the others will be as strong as Sadat was and will honor the peace treaty and all the commitments, then I think things will go according to the peace agreement," Mr. Dayan added.

Heir's Tendencies

Former Prime Minister Yitzhak Rabin, now in the Labor Party opposition of the Knesset, also said that the assassination "will have a lot of influence on the peace process."

"When you make peace with an Arab nation, it is very important with which leader you make the peace, and how long the leader remains in office. It will take some

time until we find out what are the tendencies of his heir," Mr. Rabin said.

Then, in an extraordinary and seemingly bitter indictment of U.S. policy toward the Camp David process, Mr. Rabin added: "I feel I have to sharpen my arguments against my will, and say that [former President Jimmy] Carter contributed to the downfall of the shah [of Iran] and the Reagan administration contributed to the downfall of Mr. Sadat."

Present Administration

The present administration one can detect clear signs of moving away from the Camp David agreements.

The United States did not show interest in the implementation of several aspects of the agreements, including the autonomy talks. The Camp David agreements are in abeyance, and the American administration moved its emphasis from Egypt to Saudi Arabia instead of worrying about autonomy. There is no doubt in my mind that this shift in emphasis weakened Sadat's position in the Arab world as well as inside Egypt," Mr. Rabin said.

Mubarek Says Policies Will Not Be Changed

By David B. Ottaway

Washington Post Service

CAIRO — President Mohammed Anwar Sadat was assassinated Tuesday in a hail of bullets when a group of soldiers participating in a military parade he was reviewing on the outskirts of the capital opened fire on him.

The 62-year-old Egyptian leader was taken by helicopter from the parade grounds in the suburb of Nasser City to a military hospital across the capital.

Shortly before 8 p.m. local time (18:00 GMT), Vice President Hosni Mubarak announced on television that Mr. Sadat had died of his injuries. The exact time of his death was not disclosed, but unofficial reports circulating in the capital as early as 4 p.m. said he was already dead.

The leftist Beirut newspaper Al Liwa said an anonymous telephone caller identifying himself as a spokesman for the "Rejection Front for the Liberation of Arab Egypt" said its secret "Free Officers" branch within Egypt's military carried out the attack. The Associated Press reported.

Paratroop Officer

[The paper said the caller identified the "Rejection Front for the Liberation of Arab Egypt" as the military arm of a group formed by former Egyptian Army Chief of Staff Maj. Gen. Saad Eddin Shazli (retired) and known as the Egyptian National Front. Gen. Shazli, a paratroop officer, was chief of staff in the early days of the 1973 war with Israel, which Egypt initiated.]

[The general's front combined exiled Egyptians from several opposition groups, including the Communist Party. It has vowed to bring down the Sadat regime and revoke the peace treaty Mr. Sadat signed with Israeli Prime Minister Menachem Begin under the sponsorship of the United States in 1979.]

The death of Mr. Sadat came seemed certain to have major repercussions not only inside a shaken Egypt but throughout the Middle East. A Nobel peace prize winner for his historic trip to Jerusalem in 1977 and subsequent treaty with the Israelis, Mr. Sadat had single-handedly turned the course of Arab politics away from war and toward peace with the Arabs' number one enemy, Israel.

Despite Mr. Mubarak's assurances, it is far from certain that Egypt will now pursue with the same vigor and spirit the already troubled peace process that has reached something of an impasse over the Palestinian autonomy issue.

Interim President

Inside Egypt, the repercussions are likely to be far-reaching for its system of limited democracy, which already was being severely tested both by leftist and Moslem fundamentalist opposition groups. Last month, Mr. Sadat had carried out a massive crackdown on both secular extremists and secular opposition elements to his regime. Nonetheless, Mr. Mubarak said Egypt would continue to remain "an island of peace and stability" in the Middle East.

Mr. Mubarak said Sufi Abu Taleb, speaker of the National Assembly, was taking over as interim president until new elections were held within the next 60 days as stipulated under the constitution. He added that Mr. Taleb had declared a state of emergency beginning for one year and had also named him commander in chief of the armed forces.

Mr. Mubarak, 52, called Mr. Sadat "a martyr to peace" and pledged



President Anwar Sadat

The Associated Press

that the Egyptian government would abide by all the treaties and agreements entered into during his 11-year regime, including presumably Egypt's peace agreement with Israel and the U.S.-sponsored Camp David accords.

"We're sad," said a somber Mr. Mubarak after an emergency Cabinet meeting. "Your people will always remember you, will never forget you."

There was no immediate word about funeral arrangements for the slain president, but one government spokesman said he thought the ceremony would be held "in the next few days."

There were conflicting initial reports as to what organization the assailants belonged to. A little-known leftist Egyptian group claimed responsibility abroad, but unofficial army sources here said they believed the men were part of the Gamma Islamia, or Islamic Groups, a rightist

(Continued on Page 2, Col. 4)

Libya, Iranians, PLO Vent Their Exultation

From Agency Dispatches

BEIRUT — The Arab world reacted variously with joy, grief and concern to the news of Egyptian President Anwar Sadat's death.

Non-Arab Iran greeted it with satisfaction. Radio Moscow linked the assassination to Mr. Sadat's peace treaty with Israel.

Libya was exultant. In Beirut, Palestinians and leftist Lebanese militias fired guns in the air, rejoicing over the shooting. At the United Nations, hard-line Arab diplomats who had opposed Mr. Sadat had little comment. Diplomats from moderate Arab countries expressed concern that Mr. Sadat's death would aggravate instability throughout the Middle East.

Syrian students and Ba'th party militants danced in the streets of Damascus chanting "the traitor is dead." In Beirut, PLO security chief Salah Khalaf, code-named Abu Iyad, said the PLO would "shake the hand of he who pulled the trigger."

In Lebanon, Palestinian guerrillas and their Lebanese leftist allies, who bitterly opposed the U.S.-sponsored Egyptian-Israeli peace treaty signed in 1979, fired rifles, machine guns and even anti-aircraft fire into the air. Witnesses reported seeing at least three people who appeared to have been injured by stray bullets.

"We were not surprised with the news that Sadat had been shot because we had been expecting something like this at any moment," Abu Iyad said.

Jordan Reserved

In Jordan, there was no official reaction. Official sources who declined to be identified said, "The news was expected as a result of President Sadat's separate treaty with

(Continued on Page 2, Col. 1)



President Anwar Sadat, President Jimmy Carter and Prime Minister Menachem Begin are shown as they signed one of two agreements on Sept. 17, 1978, in Washington following negotiations at Camp David on an Israeli-Egyptian settlement.

Outrage, Sadness and Apprehension Expressed in U.S.

By Fred Farris

International Herald Tribune

remain the cornerstone of our policy," he said.

President Reagan and his aides were reportedly to be meeting, with one topic of discussion reportedly being whether Mr. Reagan would go to Cairo to the state funeral of Mr. Sadat, who greatly impressed the U.S. president during the Egyptian leader's visit here in July.

One result of the events in Cairo was that at least one Senate opponent of Mr. Reagan's controversial proposal to sell Saudi Arabia's AWACS radar planes reversed his position, and action on the plan was delayed in a House committee.

In his statement, read at 2:30 p.m. on the front portico of the White House as his wife Nancy Reagan stood at his side, Mr. Reagan said:

"In a world filled with hatred, Mr. Sadat was a man of hope. In a world trapped in the animosities of the past, he was a man of foresight, and a man who sought to improve a

world tormented by malice and pettiness."

Those sentiments were echoed by former President Jimmy Carter. Who, with Mr. Sadat and Israeli Prime Minister Menachem Begin had worked out the Camp David accords bringing peace between Egypt and Israel.

Mr. Carter said in a television interview after the attack but before word of Sadat's death that the Egyptian president was crucial to stability in the Middle East.

"Sadat was bold, courageous, very knowledgeable about strategic interrelationships between those countries [Arabs and Israel] and extremely forthright with us, like the Saudis on occasion, giving him support and admiration," he said.

Because official confirmation from Cairo of Mr. Sadat's death was delayed for about seven hours, early American comment was

based on reports of his wounding and probable death.

There was widespread confusion about conflicting reports of Mr. Sadat's death circulated including a report to the Senate by Majority Leader Howard H. Baker Jr. of Tennessee that he had been told by

President Bush that Mr. Sadat had died. That report later was retracted by the White House because the official announcement from Cairo had not yet been made.

But reports of the death of Mr. Sadat became more numerous and finally were confirmed officially in Egypt.

Tuesday morning, President Reagan himself wounded in an attempt on his life March 30, sent Mr. Sadat a letter soon after being told at 7:30 a.m. EDT of the attack, calling it "outrageous and tragic" that such violence should befall a man who symbolizes a commitment to peace, adding:

"But what scares most of us is — supposing there should be a truce and we should have new leadership in Egypt. We don't know what it would be. It could go in the wrong direction. We need him and we pray for him ... His presence and continued leadership is absolutely vital to making continuing progress to a peace settlement in the Middle East."

Meanwhile, at Mr. Reagan's request the House Foreign Affairs Committee postponed its expected

rejection of the U.S. sale of AWACS surveillance planes to Saudi Arabia.

Senate Minority Leader Robert Byrd of West Virginia urged Congress to put off all action on the controversial sale because of the Cairo shooting.

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OTHER NEWS

POLAND'S SOLIDARITY trade union showed a more radical face at its Congress Tuesday with publication of a tough draft program and election successes for militants. The congress, in its 11th day, also moved toward approving a resolution condemning recent price rises. Page 3.

PRISON REFORMS FOR ULSTER were announced by Britain, but the government refused a key demand of the Irish nationalists that jailed guerrillas be allowed to associate freely with each other. Page 3.

EUROPEAN CRITICS OF NATO'S plans to base U.S. cruise missiles on European soil will gain some ammunition from the Reagan administration's decision to put several hundred cruise missiles aboard submarine, the American commander of NATO forces said.

'The Man of Peace' Blended Courage With Flexibility

By Eric Pace

NEW YORK — "Sadat! Sadat!" tens of thousands of Egyptians chanted at the grinning figure in the open limousine. "Sadat! The man of peace!"

It was the night of Nov. 21, 1977. Mr. Sadat had just come back from his epochal journey to Jerusalem. Egypt's masses were putting their frenzied seal of approval on what his trip had achieved — an Egyptian-Israeli truce that set the stage for the peace treaty of 1979.

Suspense had begun building 11 days earlier, when the will-daring Egyptian leader said in Cairo that he was willing to go to "the ends of the earth" and even to the Israeli parliament, in the cause of peace. Then the Israeli government of Menachem Begin said he was welcome in Jerusalem, and he flew there, although a state of war still existed between Egypt and Israel.

His eyes were moist and his lips taut as he arrived, but his Arabic was firm when he told hushed members of the Israeli parliament: "If you want to live with us in this part of the world, in sincerity I tell you that we welcome you among us with all security and safety."

Protests in Middle East

Expressions of outrage were already pouring from the hard-line Arab capitals, but Mr. Begin, praising Mr. Sadat's initiative, said: "We the Jews, know how to appreciate such courage."

It took flexibility as well as courage for Mr. Sadat to become the first major Arab leader to proclaim his willingness to accept Israel's existence.

Mr. Sadat's flexibility, he felt, stemmed from his solitary confinement as a political prisoner in cell 546 of the Cairo Central Prison in 1947 and 1948. "My contemplation of life and human nature in that sequestered place taught me that he who cannot change the very fabric of his thought will never be able to change reality and will never, therefore, make any progress," he wrote in his memoirs, "In Search of Identity," which appeared in 1978, eight years after he became president.

His conciliatory stand, highlighted by the visit to Jerusalem in 1977, helped bring about the treaty that, after many snags, he and Mr. Begin signed on March 26, 1979, at the White House. Before reaching agreement, Mr. Sadat and Mr. Begin had drawn-out, intermittent and sometimes acrimonious negotiations, for which they both won the 1978 Nobel Peace Prize.

The treaty provided that Israel return to Egypt in phases the entire Sinai Peninsula, which it seized in the 1967 war. It also envisaged internal autonomy for the Palestinian Arabs of the Jordan River's West Bank under continued Israeli control.

Praise from Kissinger

The Egyptian and Israeli governments were helped and prodded by the Nixon and Carter administrations. In dealings with Israel and the United States, Mr. Sadat strove to establish a harmonious mood that would make it difficult for others to disagree with him. His most audacious use of that technique was the Jerusalem visit.

Mr. Sadat's gesture to Israel brought him hatred and vituperation from many Arab leaders and Saudi Arabia cut back its aid to the Egyptian armed forces and the economy.

Yet his isolation in the Arab world did not undercut his domestic support: he profited politically by underscoring the idea, widespread in Egypt, that other Arabs had grown wealthy while the Egyptians had borne the burden of the four Israeli wars.

The Saudi action made Egypt more dependent than ever on support from the United States, with which Mr. Sadat had also been careful to cultivate bonds of friendship. Under his predecessor, the fiery Gamal Abdel Nasser, Cairo's relations with the Americans, as with the Saudis, were hostile much of the time. Mr. Sadat got moral and political support from Washington as well as large-scale economic and military aid.

As president, Mr. Sadat also departed from Mr. Nasser's pro-Soviet stance when, in July, 1972, he ordered the withdrawal of the 25,000 Soviet military

advisers in Egypt. "I wanted to tell the whole world that we are always our own masters," he wrote. Last month, he expelled the Soviet ambassador and hundreds of technicians.

The changes in the relationship with Washington and Moscow were made after Mr. Sadat concluded that the Arabs could not achieve a satisfactory end to their confrontation with Israel as long as they were allied with the Soviet Union while Israel enjoyed all-out U.S. support.

He was able to make such drastic shifts in part because his power was not seriously challenged at home during his later years as president. A career officer and longtime confidant of Mr. Nasser, he was named vice president in 1969, came out ahead in a brief power struggle after Mr. Nasser's death in 1970 and was formally made president by a rubber-stamp vote of members of the Arab Socialist Union, the only legal political organization. He consolidated and enlarged his power in the spring of 1971 when, with army aid, he overthrew what he said was a coup and arrested his opponents.

Mr. Sadat was widely thought to be popular with the masses, with which, in his highly emotional way, he felt a warm and almost mystic bond.

Early in his presidency, Mr. Sadat enhanced his popularity by eliminating many of the police-state controls that Mr. Nasser relied on to keep power in the years after the officers' revolt that ended the kingdom in 1952.

As an administrator he concerned himself with broad lines of policy and, for the most part, left it to his subordinates to carry it out. Although he was a highly emotional man, he could conceal his true feelings and be extremely devious: He repeatedly lied his way out of trouble when he was a young officer plotting a military revolt, and as president he pulled off a master stroke of deception when he concealed his preparations for the 1973 war, which began with a surprise attack on Israel.

Mr. Sadat had many personal quirks. He disliked offices and rarely appeared at Abelin Palace, the presidential residence in Cairo, preferring to work in his modest villa and in government-owned rest houses around the country. He wore elegantly cut British-style suits, though even as president he liked to stroll around his native village in a long Arab shirt. He never learned to dance. He could be the high-toned statesman one minute, relishing his hobnobbing with other world leaders, and the humdrum homebody the next, always beginning the day with a close of Emo's Fruit Salts, a British-made aid to digestion.

Mr. Sadat was divorced from his first wife, who was from his native village; they had three daughters. He is survived by his second wife, Jihan, who has played an active role in public affairs, particularly concerning the lot of women and children; they had four children, a son and three daughters.

Sons of the Soil

Mohammed Anwar Sadat was born Dec. 25, 1918, in Mit Abu Kom, a cluster of mud-brick buildings in Minufiya province between Cairo and Alexandria. He was one of the 13 children of Mohammed Sadat, a government clerk, and his part-Sudanese wife, a heritage manifest in the dark color of Mr. Sadat's skin.

His first schooling was at the hands of a cleric who instilled in him a deep and lasting faith in Islam — so lasting that as an adult Mr. Sadat bore a dark mark on his forehead, the result of repeatedly touching his head to the floor in prayer.

In 1925 the father was transferred to Cairo, and the family moved into a small house on the outskirts of the capital, not far from Kubba Palace, one of the residences of Egyptian kings. Anwar gave early evidence of the audacity he showed in later life, stealing apricots from the royal orchard.

Although the elder Sadat rose to be a senior cleric, the family was poor. In time the schoolboy, like other Egyptians of his generation, came to have a burning political desire: he wanted his country freed of the control of Britain, which had maintained troops there and exercised power in other ways since the decline of Ottoman Turkish power late in the 19th century.

Egypt Vice President Was Groomed to Lead

By Richard Horan

Washington Post Service

WASHINGTON — Vice President Hosni Mubarak, the former air force general who announced Anwar Sadat's death to the Egyptian people Tuesday and is expected to inherit the presidency, has shown himself to be an energetic and practical leader, loyal to Mr. Sadat's foreign and domestic policies.

Since his appointment as vice president six years ago, it has been clear that Mr. Mubarak was being prepared by Mr. Sadat to assume the presidency. Unlike Mr. Sadat, a vice president virtually unknown outside Egypt when Gamal Abdel Nasser died in 1970, Mr. Mubarak was repeatedly thrust into sensitive international negotiations where he earned a reputation as a capable and accomplished diplomat.

In announcing his president's assassination on Egyptian television in a strong, reassuring voice, Mr. Mubarak pledged to "follow his path," honoring all the treaty commitments made by Mr. Sadat and standing with Egyptians "as one solid front around all the banners [that] Mr. Sadat has raised."

He said that Sufi Abu Taleb, the parliamentary speaker, would be the acting president until the People's Assembly elected a successor. Mr. Mubarak, who already has been nominated by the National Democratic Party to assume the presidency, was to remain in charge of the Egyptian armed forces.

His adherence to Mr. Sadat's policies has forced Mr. Mubarak to make some of the same zig-zags that the assassinated leader made in his decade of power.

Enemies Exult as Grief Expressed in West

(Continued from Page 1) Israel in 1979 and of Sadat throwing himself into the lap of the United States and Israel."

The pro-Soviet Democratic Front for the Liberation of Palestine, in a communiqué issued in Beirut, said: "Sadat's death is the end to all traitors who sold the land [Palestine] to Israel and America and imposed himself as a dictator on the patient struggling peoples of Egypt."

The Libyan government, calling Mr. Sadat the "head of treason," warned that any successor to the assassinated Egyptian leader who followed the same policies would meet the same fate. The Libyan news agency JANA said in a statement that Mr. Sadat had trampled



Hosni Mubarak

to Moscow, and he returned to Moscow a few months later, reportedly to consult about the tactics Egypt later used to launch the 1973 war against Israel.

Gaining Experience

When Mr. Sadat promoted Mr. Mubarak to vice president in April, 1975, the air force general had little political and diplomatic experience. Mr. Sadat promptly entrusted him with one sensitive chore after another to give him that experience.

In his first year as vice president Mr. Mubarak mediated the dispute among Morocco, Algeria and Mauritania over the future of the former Spanish Sahara, ending the shooting war if not achieving a political solution.

He also drew the difficult assignment of going to several Arab capitals to explain Egypt's decision to sign the Sinai disengagement agreement with Israel, and he was sent on a landmark mission to Peking, where he successfully nailed down arms and trade agreements.

Dawn of Freedom

Libyan state radio exulted over the assassination. "Every tyrant has an end," "Sadat has fallen with all his shame, giving way to a dawn of freedom over Egypt."

Anwar Sadat, the mercenary dictator of Egypt joined his old friend Mohammed Reza Shah," the radio said. The Iranian authorities bore Mr. Sadat special animosity because he gave sanctuary to the dying shah after his overthrow.

The secretary-general of the Arab League, Chedli Klibi, issued



President Anwar Sadat (back to camera) hugged Prime Minister Menachem Begin as President Jimmy Carter looked on after signing the Camp David accords in Washington on Sept. 17, 1978.

Wanting to play a role in Egypt's future, young Sadat decided to become an officer. Despite lackluster schooling, he managed to gain admission to the Royal Military Academy. Graduating in 1938, he was assigned to a signal corps installation near the capital, where, as he later told it, he became active in the formation of an organization of officers who wanted to mount armed revolt against the British.

When World War II broke out Capt. Sadat continued to look on Britain as the main enemy. He was arrested but released for lack of evidence in one plot. Then he was implicated by two Nazi agents in another plot and sent to a succession of jails, where he polished his English and learned German.

In 1944 Capt. Sadat went on a hunger strike and was transferred to a prison hospital, where he dodged his guard, jumped into a friend's car and escaped. He lived as a fugitive for a year, helping for a time with work on a house being built near the Pyramids for King Farouk, who later was to be ousted by the king of which Mr. Sadat was a part.

Helped by Friends

With the end of the war came the lifting of the martial-law regulations under which Capt. Sadat had been detained, enabling him to resume his real identity. He also resumed plotting against the British and their Egyptian supporters.

He worked for a while in a Cairo publishing house and in 1950 got himself reinstated in the army. He was soon promoted, thanks to help from the dissident officers' clandestine network, the Free Officers Organization, which had been growing in size and power under the leadership of an old friend, Lt. Col. Nasser.

One evening, he found a note from Col. Nasser saying "operations" were beginning that night and directing Maj. Sadat to join the revolutionaries.

"My heart leapt," Mr. Sadat recalled in one of his books, "Revolt on the Nile." "I tore off my civilian clothes and threw on my uniform. In five minutes I was at the wheel of my car." At army headquarters, where the rebels had taken control, Col. Nasser told him to take over the Cairo radio at dawn and to broadcast a proclamation announcing the coup. Maj. Sadat carried out that historic task after waiting for the daily reading from the Koran to be completed.

The revolution led to the exile of King Farouk, the withdrawal of the British troops from Egypt, and, before long, the emergence of Mr. Nasser as strongman and president, roles he filled until his death of a heart attack in 1970. Although Mr. Sadat filled various high posts during the Nasser era, and despite his long record of revolutionary activity, his abilities were underestimated by many in the Nasser entourage and for more than a decade he was given a succession of

jobs that were highly visible but of secondary importance.

When Mr. Nasser named Mr. Sadat vice president, it was widely thought that he got the job because it had no real power.

On Mr. Nasser's death, Mr. Sadat, as the only vice president, became acting president. Then and for others prominent under Mr. Nasser, some colleagues backed him for the presidency because they thought he could be manipulated.

Building a Reputation

In those first weeks many ordinary people found it difficult to take him seriously. With his grin, his fancy suits and his frequent hollow-sounding vows to wage war on Israel, he did not seem to be a strong and purposeful leader. He showed his strength of will when, after a few months, he moved to consolidate his power by imprisoning two of the most powerful figures in the regime, Vice President Ali Sabri, who had close ties with Soviet officials, and Sharawi Gomaa, who controlled the secret police.

Mr. Sadat enhanced his popularity by displaying and following an intuitive sense of what the masses wanted. He was doing what they wanted when he cut back the powers of the hated secret police, when he ousted the Soviet military experts and when he prepared for war with Israel — even though Gadaffi, Israel's prime minister when he took office, apprised him, as she later wrote, as a "reasonable man who might soberly consider the benefits" of ending the confrontation.

Economic Strengths

His popularity benefited also from the fairly strong condition of the economy, which had seemed on the brink of disaster after Egypt's catastrophic defeat in the 1967 war. By late 1979 the economic growth rate had reached 9 percent a year and was one of the highest in the developing world, thanks largely to more than \$1 billion a year in U.S. aid.

As the new decade got underway Mr. Sadat seemed confident of his policies, but events seemed to have worsened somewhat: criticism mounted at home and in unfriendly Arab capitals in 1980, when the deposed shah of Iran moved to Cairo, where he died that July; Cairo's isolation in the Arab world and, beyond that, in the Third World was galloping, and its almost-total reliance on Washington for food, aid and weapons was a source of concern. Inflation was running at 30 percent a year, there were signs of increasing repression — the recent arrests of Moslem and Coptic fanatics — and Israel's policy of multiplying settlements on the occupied West Bank intensified pessimism.

Sadat Killed By Attackers At Parade

By Axel Krause

International Herald Tribune

(Continued from Page 1)

Moslem organization that was a major target of Mr. Sadat's crackdown last month.

Police sources said eight other persons were killed in the attack, including Mr. Sadat's private secretary, Fawzi Abd el Hafez; the chief chamberlain, Hassan Alali; the president's official photographer, Mohammed Rashwan; a representative from Oman; the Korean ambassador (it was not clear whether from North or South Korea) and two other unidentified persons, one of them a security guard.

27 Others Wounded

In addition, initial reports said 27 others, including eight Egyptians, four Americans and the Belgian ambassador, were wounded in the shooting. Among the Egyptians was Bishop Samuel who was appointed last month to a committee replacing Pope Shenouda III as patriarch of the Coptic Church.

The attack occurred toward the end of the two-hour parade, which was being held to celebrate what Egypt regarded as a victory over Israel in the 1973 Arab-Israeli war, which began on Oct. 6.

The assailants, either civilians dressed in military uniforms or regular soldiers, were riding in a Soviet-made truck that was towing a new South Korean long-range artillery piece. There were six of them sitting in the back, though some sources thought there were a total of eight involved in the attack.

As the truck drew up parallel to the reviewing stand at about 15 yards distance, it came abruptly to a halt.

Few of the some 2,000 spectators in the reviewing stands took note of the stalled truck because all eyes were riveted on a spectacular aerial acrobatic show in which Egyptian Mirages were making low passes over the reviewing stand and leaving behind billowing trails of red white and blue smoke.

Suddenly, there was an explosion, seemingly a grenade, and then another as the soldiers in the truck opened fire with bursts of automatic rifle directly on the reviewing stand. Several of the soldiers jumped off the back of the truck and rushed toward the stand firing wildly into the crowd.

As spectators suddenly realized what was taking place and that this was not another parade stunt, pandemonium broke out in the reviewing stands, with everyone rushing for the exits to escape the bullets.

Shazli's Group Opposed Sadat

International Herald Tribune

PARIS — Shockwaves registered in Western economic planning circles after President Anwar Sadat's assassination, centering on renewed fears over the future of oil supplies from the Middle East, senior European and U.S. government and business officials said Tuesday.

"We are less vulnerable than in the 1979 Iran crisis, but our Western economies are still very dependent on Middle East oil — that is why Sadat's death raises new and very disturbing fears about energy security," a senior West European government energy planner said.

"With political stability endangered in Egypt and possibly in the Middle East, the underlying support for the area's oil situation also has been changed, perhaps fundamentally," said J. Paul Horne, a European economic analyst for Smith Barney, Harris & Upham, a U.S. securities firm.

Echoing the views of other business, economic and oil industry

analysts, Mr. Horne said it was still too early to make precise assessments on how specifically the West's oil supplies might be affected.

The fears and risks expressed by those interviewed centered on what might happen politically during the next few days in Cairo and other Arab capitals, particularly those in OPEC nations such as Saudi Arabia and Kuwait.

JPL/col/52

Militants of Solidarity Gain in Voting; Draft Of Policy Toughened

By Brian Mooney

GDANSK, Poland — The Solidarity free trade union congress showed a more radical face Tuesday with publication of a tough draft program and election results showing successes for militants.

The congress, in its 11th day, was also expected to approve a resolution condemning recent price rises, which included a 100-percent increase in the price of cigarettes.

With elections of the 69 contested places on the union's policy-making national commission almost complete, there were indications that Solidarity's moderate leader, Lech Wałęsa, would be isolated by a majority that espoused a tougher, more radical line.

Mr. Wałęsa ran into serious trouble from his own colleagues Monday night, only three days after being re-elected as the union's national chairman. He was rebuked for inconsistency and submission to the authorities in a "cigarette war" that has erupted into a major row at the congress and provoked protests across the country.

Searching for a Response

Challenging that the government did not consult the union on the rises, delegates have voted down four resolutions and refused to consider 10 others in their search for a determined response to the Communist authorities.

Many of the resolutions proposed strike action, and a big electrical appliances factory in the city of Toruń stopped work for one hour Tuesday in a symbolic protest.

The new draft program, described by Communist Party observers as "tougher than that submitted at the beginning of the con-

gress, made no mention of Socialism and called for a multiparty system, free elections and social control over the economy.

There have been repeated calls at the congress for Solidarity to take effective control of the economy to cope with a situation which a congress publication said "had driven society to the verge of de-

Separation of Powers

The program called for establishment of a supreme state council through which society, as opposed to the minority Communist establishment, would control the economy. It said it was essential to separate economic power from political power and that while Solidarity favored instituting other political parties, it had no intention of transforming itself into one.

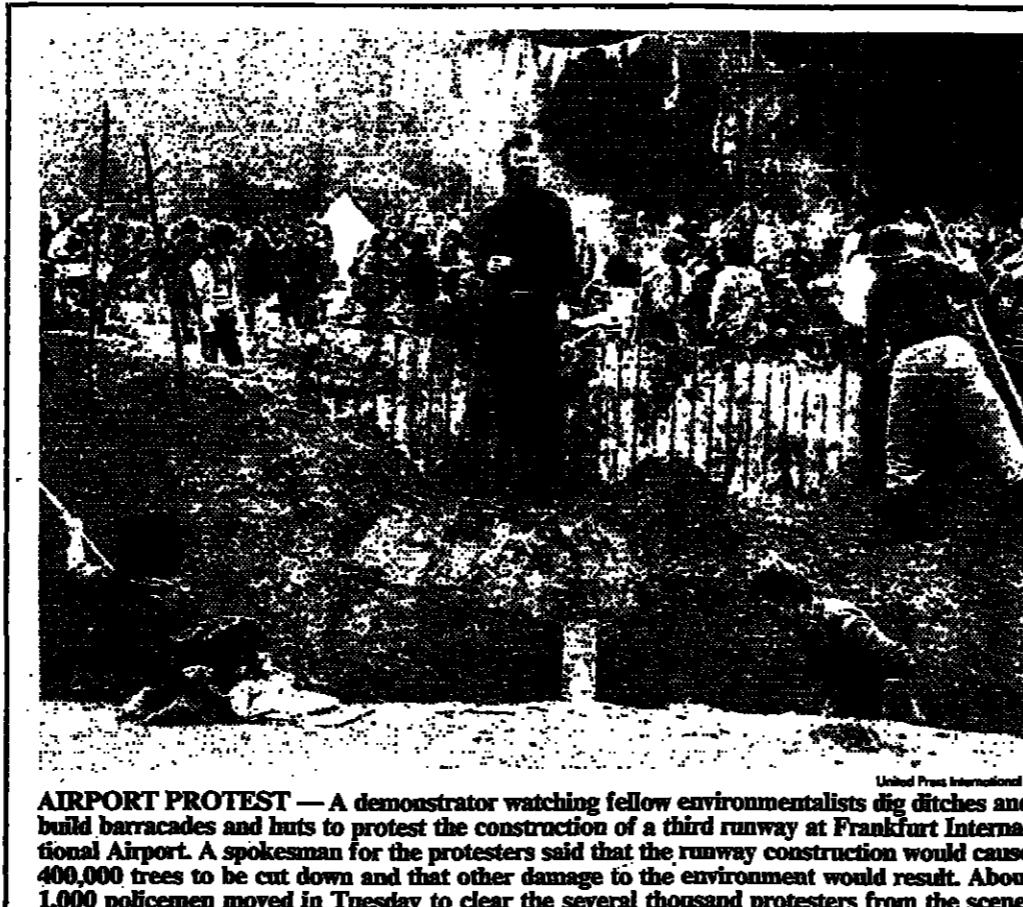
With fewer than half a dozen places on the national commission left to fill, no Communist Party members had been elected.

Among the contenders were Bogdan Lis, generally regarded as Solidarity's third-in-command, and Zbigniew Iwanow, who earlier this year led an unsuccessful drive to bring democracy to the Communist Party at the grass-roots level.

Boguslaw Geremek, Mr. Wałęsa's moderate adviser, had also failed to win a seat on the commission. But persons associated with the recently disbanded dissident group KOI appeared to have fared better.

The Polish news agency Interpress quoted Solidarity official Henryk Sienkiewicz as saying the congress should end by Wednesday evening, but some delegates say it is more likely to end on Friday.

Speaking Monday at a breakfast meeting with reporters, the commander, Army Gen. Bernard W.



AIRPORT PROTEST — A demonstrator watching fellow environmentalists dig ditches and build barricades and huts to protest the construction of a third runway at Frankfurt International Airport. A spokesman for the protesters said that the runway construction would cause 400,000 trees to be cut down and that other damage to the environment would result. About 1,000 policemen moved in Tuesday to clear the several thousand protesters from the scene.

Reagan Cruise Missile Plan Bolsters Case Of Europe Critics, NATO Commander Says

By Michael Getler

Washington Post Service

WASHINGTON — The Reagan administration's decision to put Cruise missiles aboard submarines will provide some ammunition to European critics of earlier NATO plans to base U.S. Cruise missiles on European soil, the U.S. commander of NATO forces has warned.

Speaking Monday at a breakfast meeting with reporters, the commander, Army Gen. Bernard W.

NATO Link Is Advocated By Spaniard

Reuters

MADRID — Foreign Minister José Pedro Pérez-Llorca predicted Tuesday that Spanish officers would have commands on the British colony of Gibraltar if Spain joined NATO.

The minister was speaking at the start of a parliamentary debate on the government's plan to bring Spain into NATO by early next year.

He said the country would gain clear advantages in its efforts to secure the return of Gibraltar from Britain once it became a member of the alliance.

Solidarity's assertions of independence, the paper charged, were only attempts to conceal the union's struggle to wrest power from the Communists. "It does not matter," the commentary declared, "whether the counterrevolution is acting openly, as it did in Hungary in 1956, or under the slogan of 'Solidarnosc with a human face,' as in Czechoslovakia in 1968, or is hiding behind the 'independent trade unions' and trying to operate legally, so to say."

Such ominous comments in the past would have prompted nervous reactions. But references to Hungary and Czechoslovakia have already been made more than once, as have the charges of a bid for power by Solidarity with the help of the West.

The commentaries on the second phase of Solidarity's convention were preceded by a furious barrage at the first, which climaxed with Soviet accusations that the union had indulged in an orgy of anti-Sovietism and anti-Communism. The impact of the public attack was greatly enhanced by large-scale military maneuvers.

But the denunciations and the show of strength apparently failed to sway the delegates at the Solidarity convention. The current tone of Soviet commentaries, diplomats said, suggests a re-evaluation of tactics and a debate on what to do next.

Congress as Seen by Tass

Friday's Pravda, for example, carried a Tass dispatch from Warsaw that said that the convention is dominated by the questions of "how and when should Solidarity start the final spurt in the fight for power, how radical the restructuring of the Socialist order existing in Poland and of its alliances should be, and how far Solidarity can afford to go now in violating the constitution, its own charter, and the agreements which this association signed with the government."

Another commentary, also in Pravda, detailed at length what the author, Vitaly Korionov, described as the West's "political and ideological subversion against Poland." Mr. Korionov, a prominent commentator, charged that a "special group" exists in the State Department to "create and maintain controlled tension in Poland."

Some of the recent commentaries have made obvious references to the fundamental threat posed by the Kremlin — the possibility of a military intervention. A long except from the Czechoslovak weekly, Trybuna, published in Thursday's Pravda and read in full

San Francisco Told Big Quake Is Coming Soon

United Press International

STANFORD, Calif. — Earthquake-conscious Stanford University says that the San Francisco Bay area had better get ready for the "big one."

In a new report, the Stanford Committee on Earthquake Preparedness said Tuesday there was a 30-percent chance that a major quake would hit the bay area within the next decade.

The committee said that there has been no great earthquake in the region since the 1906 catastrophe and that potential fault displacement now totals 15 feet.

"The earthquake hazard at Stanford is becoming steadily more severe," said the report, which urged the university to upgrade seismic safety features.

The report said that a major earthquake in the bay area could be expected to kill between 500 and 25,000 people, depending on the magnitude and timing prior rainfall, the scope and quality of advance preparation and the response of people to the event.

Canada Is Suspending Some Air Controllers

United Press International

OTTAWA — The Department of Transport has begun suspending more than 150 air traffic controllers who refused to handle flights between Canada and the United States last August, spokesman Dave Austin announced.

Mr. Austin said Monday that many of the controllers have been told they would be suspended from one to 10 days, depending on their past record and the severity of the offense. He said the review had not been completed and as many as four controllers might be still fired.

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Afghan Guerrillas Said to Execute 10 Soviet Troops

United Press International

NEW DELHI — Afghan rebels executed 10 Soviet soldiers who were captured during a weeklong Soviet-Afghan government offensive near Kabul at the end of last month, a Western diplomatic source said Tuesday.

The source said that the Soviet soldiers were killed approximately between Sept. 23 and 29, when a large contingent of Soviet and Afghan troops occupied the town of Paghman, 12 miles (19 kilometers) southwest of Kabul.

The source said the 10 Russians were captured during intense fighting and reportedly were executed immediately. The guerrillas also captured 12 Afghan government soldiers and took them higher up in the mountains for trial, the diplomatic source said.

The diplomat said other diplomats based in Kabul also confirmed reports that a high-ranking Soviet military adviser was killed late last month in the southwestern province of Ghazni.

U.S. Launches 2 Satellites

The Associated Press

VANDENBERG AIR FORCE BASE, Calif. — A Delta rocket carried two satellites into orbit Tuesday for tests of chemicals in the atmosphere and radio waves in space, the National Aeronautics and Space Administration said.

Mitterrand, Schmidt to Meet Today

Bonn Likely to Seek Backing on Missiles

Reuters

BONN — Chancellor Helmut Schmidt, under pressure from a leftist "peace movement" at home, is likely to seek backing from French Socialist President François Mitterrand at private talks in France Wednesday.

Mr. Schmidt is making a two-day visit to Mr. Mitterrand's country home at Latthe, in southwest France, on the eve of a march in Bonn at which up to 150,000 people are expected to demonstrate against plans to station U.S. medium-range missiles in Europe.

Mr. Mitterrand has already signaled strong approval of the chancellor's commitment to deploy the missiles if arms control talks between the United States and the Soviet Union do not achieve a major reduction in Soviet warheads aimed at Western Europe.

Diplomats say the French leader has made statements of support for NATO nuclear strategy largely with the intention of using his influence as a Socialist with wavering in Mr. Schmidt's Social Democratic Party.

Official French sources said they expect that Mr. Schmidt might seek a further public endorsement of his security policy to strengthen his hand in dealing with the peace movement.

Tougher Stand

Mr. Mitterrand has taken a tougher public stance toward Moscow than his predecessor, Valéry Giscard d'Estaing, and used his first presidential press conference last month to urge the West to counter the Soviet military challenge.

Diplomatic sources said Mr. Mitterrand shared a concern expressed by U.S. and British officials about pacifist and neutralist tendencies in West Germany and was likely to bring up the issue with Mr. Schmidt.

Both leaders are also likely to offer plans for greater cooperation within the European Economic Community. Bonn is working with Italy on a plan for closer European political union to be presented to next month's London EEC summit meeting.

France's government is also seeking closer collaboration within the Common Market, though it puts its emphasis on social measures such as a reduction in the workweek and in retirement age throughout the EEC.

Britain Partially Meets IRA Prison Demands

The Associated Press

BELFAST — Britain's Northern Ireland Secretary James Prior on Tuesday said that convicted Irish Republican Army prisoners can wear their own clothes and will get half the parole time lost through cellblock protests restored if they halt their action.

But, while giving some ground on two of five demands made by the prisoners, he made only partial promises on two other key demands — "free association" in prisons and exemption from penal work.

The concessions went only halfway toward meeting the demands made by jailed members of the overwhelmingly Roman Catholic Irish Republican Army and the Marxist splinter group, the Irish National Liberation Army.

Gerry Adams, vice president of Sinn Féin, political arm of the Irish Republican Army, cautiously welcomed the reforms, but leaders of the province's Protestant majority swiftly condemned the package as a "sellout."

Mr. Adams said: "We haven't read the small print of Mr. Prior's document and essentially, we await a response from the political prisoners."

The Rev. Ian Paisley, leader of the Protestant Democratic Unionist Party, called the reforms "a complete sellout." "It is absolutely disastrous," he said.

Mr. Prior announced the changes three days after the IRA prisoners called off their seven-month hunger strike campaign for reforms amounting to political status. Since March 1, 10 men have starved themselves to death at the maximum security Maze prison in Belfast.

Mr. Prior called the package a "take-it-or-leave-it" offer and said that reforms will apply to all 2,500 prisoners. Protestants and Roman Catholics, including ordinary criminals. The changes were approved by Prime Minister Margaret Thatcher and her Cabinet.

"There will be no question of a political or military system of administration," Mr. Prior said, "or any return to 'special category' status" for jailed IRA members. That status was abolished by Britain in March 1976.

Mr. Prior refused to allow the IRA men the right of "free association" within Maze's H-shaped, 25-cell blocks, but hinted at the possibility of "prisoners in adjacent wings" being allowed to have limited "association" in recreation rooms and exercise areas.

Under a 50-percent "remission" rule, prisoners in Northern Ireland who obey prison regulations serve half their sentences. Mr. Prior said that parole would be restored for

protesters if they did not participate in any protests for three months. This would bring almost immediate release for about 150 IRA and INLA men at Maze and 20 women at Armagh women's prison, officials said.

The IRA prisoners had also demanded exemption from mandatory prison work. Mr. Prior said that prison work could be redefined to include educational pursuits.

The minister made no specific mention of the fifth demand that the prisoners receive more mail and visitors each week. The government had said earlier that non-protesting prisoners already receive more of both.

Arab League Receives A Dutch Office Permit

Reuters

THE HAGUE — The Netherlands has given the Arab League the go-ahead to open an office in The Hague, a Foreign Ministry spokesman said Monday night.

The Arab League, which includes the Palestine Liberation Organization, has similar offices in London, Bonn, Paris and Brussels.

The European Economic Community has been trying for years to forge closer cooperation with Arab countries within the framework of a so-called Euro-Arab dialogue.

PIAGET

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Sadat and Great Questions

It is hard to conceive of a single act, short of an outbreak of open war, that at this time could more sharply imperil the fragile peace in the Middle East than the assassination of President Anwar Sadat.

The potential consequences of this tragic event are incalculable at the moment. Even were one to assume that the leadership void in Egypt will be quickly and effectively filled, and — even less likely — that Sadat's heirs will continue his Middle Eastern policies, the violent death of Egypt's courageous and visionary leader will almost certainly set in motion forces that are not likely to be controllable, at least in the near future.

It may not matter a great deal whether the assassins represent a mainstream group of significant numbers and influence, or merely an aberrational dissident faction without real support in Egyptian society. It may not even matter what the assassins' motives were, or whether they had the support of an outside power. It is likely that the damage has been done, for one does not see on the horizon a new leader to replace Sadat who has the charisma and determination that Sadat eventually demonstrated after replacing President Nasser a decade ago.

There is time enough to mourn Sadat the

man. History will be a better judge of his policies, foreign and domestic, and especially of his extraordinary visit to Jerusalem and all that has followed. Better now to reflect upon a situation, all too common in today's world, where the fate of so many millions seems to hang by a thread — a handful of leaders here and there whose untimely deaths threaten chaos. How vulnerable we are when so much of the future may depend on whether a bullet strays an inch or two from its intended path, and when there appear to be so many willing to fire the bullet.

In the United States, had President Reagan been less fortunate, there was at least an accepted system and a reasonable consensus to absorb the shock.

Anwar Sadat often said that his most valuable hours were not spent at his desk or in the councils of state, but walking along the Nile contemplating the great questions of his time. And it was by his response to these great questions, he said, that he expected to be judged.

If the judgment is that he left the world in his debt, now is the time for the world's leaders to find a way to pay that debt. There may not be many more opportunities to do so.

INTERNATIONAL HERALD TRIBUNE

Reagan and Foreign Aid

One of the better-kept secrets in Washington is that the Reagan administration approves of foreign aid. You'd never guess it from the president's speech last week before the World Bank and the International Monetary Fund, or from Secretary of State Haig's earlier address to the General Assembly. Both advise the world's poor to seek salvation in what Reagan calls "the magic of the marketplace." He praises development aid with faint damns.

There is this much method in Reagan's strategy: Next week he goes to Cancún, Mexico, to talk about aid for global development with 21 other heads of government. He has now forewarned them to expect no sugarplums. But there is a danger in this hardened tone. It leaves the public and Congress in doubt as to what he really wants.

Formally, the administration strongly supports the World Bank and its president, A.W. Clausen. Haig insists that foreign aid — bilateral and multilateral — is a vital diplomatic tool. Congress has been asked to honor the American commitment to the World Bank and its soft-loan affiliate, the International Development Association.

But when the president makes a speech in which he finds little favorable to say about foreign aid, he sends a signal of indifference. Without vigorous administration lobbying, Congress may cut more than a third from \$3.2 billion pledged to the IDA over four years. A default would be contagious. Other donors in a 34-nation consortium have announced that they would cut back their con-

tributions in proportion to reductions made by the United States.

Considering the stakes, Reagan's nonchalance is remarkable. He gives the impression that helping the IDA is a matter of charity. That is an unfortunate and inaccurate portrayal. Here is how it looks to Clausen, formerly of the Bank of America: "An IDA credit is not a welfare check. It is a productive investment." There has never been a single default on a World Bank loan. These loans have succeeded impressively in stimulating the private investment Reagan prizes.

Another banker, David Rockefeller, argues that developing countries constitute a larger export market for the United States than all the developed nations put together, excluding only Canada. In 1978, he observes, the \$4.8 billion spent for official foreign aid amounted to less than what Americans spent on flowers and plants.

Unarguably, poorer countries could do more to help themselves, and they ought to give a wider role to foreign investment. But private money won't build roads and bridges, it won't teach children, or show farmers how to use fertilizer. Without seed money, investments do not flower.

The ills of the Third World can't be solved by foreign aid. But the free market alone can't solve them either. What aid can do, while helping some, is to promote American security and prosperity. That is a homely truth, but President Reagan has yet to find the tongue to state it.

THE NEW YORK TIMES.

On Keeping Money Tight

What the United States needs, according to the secretary of the Treasury, is a little more money. It's fine for the Federal Reserve Board to keep a firm hold on the money supply, Donald Regan says, but in his view it would be better not to keep squeezing quite so tightly. You are not to leap to the conclusion that he has any fundamental change of policy in mind, Mr. Regan cautions; he's "only talking about a matter of degree." The end result, he says, "would be a sufficiency of money to enable the economy to recover nicely from its current flat period."

With those words, the administration begins to acknowledge that its defective supply-side strategy shows no signs of working and that the political risks are rising. Mr. Regan gives the appearance of a man who has caught a faint whiff of smoke and is beginning to wonder, for future reference, where the fire escape might be.

It has been clear from the beginning last winter that the administration's economic plan was an inconsistent attempt to pull in two directions simultaneously. Very tight restraint on the money supply was to bring down inflation, while a huge tax cut was to stimulate economic growth, create jobs and raise incomes. Public policy can make either of these things happen, but not both of them. So far the anti-inflationary part is working quite effectively; the inflation rate is sharply lower than a year ago. But it is not working through any special new magic. It is working through the familiar and costly mechanisms of orthodox economics — growth at zero, or perhaps in a slight recession, and unemployment rising.

Among other ironies, this administration has been telling the world since January that the only real question in its strategy was

whether the Fed would actually have the nerve and stamina to stick with drastic restraint. Now there's a congressional election year ahead, and you will notice that it's not the Federal Reserve that's backing off.

To make its case for easing up on the money supply, the administration points out that one measure of money, known as M-1B, is running below its target range. But all the measures of money are being distorted by the rapid changes in the ways people hold and use their money. They are currently taking it out of conventional checking and savings accounts, which are counted in M-1B, and flinging it into the money market funds, which are not. The money market funds are reflected in something called M-2, which, not to anyone's surprise, is growing faster than its target range. It's a fair conclusion that the Federal Reserve is approximately on target.

For the administration, the choices are just as they have always been. The country can continue to hold tight on the money supply, work the inflation rate down and pay a cost in business failures and lost jobs. Or it can ease up on the money supply, throw the economy into recovery and growth, and begin another wave of inflation.

Unfortunately, the right course is to stick with monetary restraint at least into early 1982. A very large tax cut is now taking effect, and its impact is not entirely predictable. There are risks in either choice, but the greater ones are still in the possibility of renewed inflation. From the beginning, the question has been the administration's reaction when time eventually demonstrated the internal contradiction in its strategy and the real costs that either half of it threatens to impose. That time seems to have arrived.

THE WASHINGTON POST.

In the International Edition

Seventy-Five Years Ago

October 7, 1906

LONDON — Though Mr. William Waldorf Astor has not nearly finished his restoration of that old and historic pile known as Hever Castle, in Kent, the work is so far forward that he now finds himself able to take up residence in it. In the ancient village of Hever, to which King Henry VIII so often traveled to woo the ill-fated Anne Boleyn, Mr. Astor has recently been seen superintending the installation of his 20th-century belongings in the castle, and in the brand new Tudor village he has built in his private grounds about it. There is no modern note struck throughout the scattered hamlet of Hever. Mr. Astor, who is keenly interested in every detail of the renovation, has visited every week.

Fifty Years Ago

October 7, 1931

LONDON — Another of the unemployed riots that appear to be becoming endemic broke out today in the heart of London. A brief but lively battle took place between police and unemployed, the former making a baton charge and the latter retaliating with sticks and stones and whatever weapons were handy. Several persons were injured and a number of arrests were made. In the meanwhile a campaign begins in England tomorrow for what will be one of the most curious elections in British history. Some 29 million voters will be asked to vote for individual parliamentary candidates tagged with labels of three existing parties, but who will stand on platforms as yet vaguely defined.

This Is No Time for Fanaticism in U.S.-Soviet Rivalry

By Warren Christopher

The writer was deputy secretary of state in the Carter administration.

LOS ANGELES — The United States and the Soviet Union are now engaged in a rivalry that is inexorable, wounding and potentially fatal. The highest obligation of American leadership is to responsibly face the central foreign policy challenge of our time: how to effectively defend American interests in the competition with the Soviet Union while also preserving the peace.

There should be considerable skepticism toward any policy that not only seeks to defend U.S. interests but also aspires to interfere indiscriminately with Soviet interests. Such a policy assumes that anything harmful to the Soviet Union is, on that basis alone, a desirable thing to pursue.

Such a strategy regards an arms race as not only acceptable but also worthwhile. It relies upon superior American technology to keep pace, while forcing the Soviet Union to spend comparatively more from its smaller economy, thus weakening Soviet society. It aims to arm and support Moscow's rivals, especially China, to heighten the pressure. In a nation fond of sports analogies, such a policy might be labeled the "full-court press."

Too often, some policy-makers forget that there are cases in which the United States and the Soviet Union, despite their rivalry, genuinely have interests in common. The prevention of nuclear war is the most obvious case, and, as part of it, the negotiation of agreements to limit nuclear levels of trade in the first place.

The full-court press approach could make U.S.-Soviet rivalry more dangerous. A strident posture on Washington's part might strengthen those in the Kremlin who favor higher military spending and a more adventurous foreign policy.

There is an alternative. It is not, of course, blanket cooperation or uncritical friendship. It is what I would call "managed competition." Such a strategy would

be selective, entailing choices among various means to protect American interests and influence Soviet behavior.

The selective approach would exclude actions that would be gratuitously harmful to the Soviet Union, actions not related to specific Soviet conduct that the United States seeks to change. It would also avoid inflammatory rhetoric that has the flavor of a global, moral crusade against the Soviet Union.

Obviously, the United States must bar gain hard in arms control negotiations. But such negotiations are not a method to confirm a Soviet surrender. They are ways to improve the safety of the American people, a worthy objective even if, in the process, the risk is also lessened for the people of the Soviet Union.

A related area of common interest is nuclear nonproliferation. Here the Soviets have been sensitive to the risk — and con-

siderably more cautious in sharing nuclear technology than some of the Western nations. Cooperation with the Soviets to reinforce restraint among nuclear-supplying countries is in both nations' interests.

Other areas at least deserve thought.

For example, America discourages its allies and its own industries from entering into contracts to help the Soviets expand their oil production. Meanwhile, it is developing contingency plans, and rightly so, to defend against a possible Soviet thrust into the Gulf, where it fears that the Soviets would take control of vital energy supplies. All things considered, is it prudent to seek to thwart the Soviets' development of their own energy resources?

Is the aim to squeeze them to the point that the encroachment of the Gulf becomes a necessary gamble? Short of that, are they wanted on the world energy market, where their needs would cause the price to be raised for everyone?

Unimaginable

It would be a great mistake if Americans let themselves become mesmerized by the Soviet Union. There are many perils that are not authored by Moscow but still require attention. Such issues as population, pollution, trade and natural resources will have a profound influence on current and future well-being. And that would be true even if Marx had never lived and if the Soviet Union did not exist.

America should not be entranced by one international challenge, however grave, to the exclusion of all others. It should not concentrate solely on the ways that the two nations compete directly — in arms and alliances and sanctions — to

the point at which more subtle, indirect competition is ignored. A foreign policy spoolbound by the Soviet Union will be largely misdirected and widely ineffectual.

There is one indelible reality that some in the administration seem to have underestimated: the unimaginable power of nuclear arms. Responsible leaders in both the United States and the Soviet Union must be constrained by the realization that their frail, human hands hold the power to transform even the world's richest civilizations into rubble. Within hours after the order for an all-out war, tens of millions of people, perhaps hundreds of millions, would perish. Whole cities and industries would be demolished. Vast territories would be rendered unfit for human habitation.

Neither side, while inflicting such horrors, could prevent the same to itself. Thus derives the strategy of Mutually Assured Destruction — the prevention of nuclear attack through the guarantee that the attacker will be pulverized along with the victim.

It is useful for the leaders and citizens of both the United States and the Soviet Union to think on such dark visions regularly, if only to remind themselves that in a nuclear age, more than at any time in human experience, war could totally consume civilization itself.

The philosopher George Santayana once explained that "fanaticism consists in redoubling your efforts when you have forgotten your aim." This is no time for a foreign policy afflicted by fanaticism. Rather, it is time for an approach that is steady and firm, cool-headed and mature, a time for both vigilance and vision.



Prime Minister P.W. Botha

strate that he is tough and cannot be trifled with.

He is too late because he has not come to terms with the determination bordering on recklessness of black youth who openly flaunt the emblems of the outlawed African National Congress. He cannot control the militancy of black labor unions, which are going to be the power to watch.

Crisis

There will be more and more police harassment, bannings and detentions, but these will not deter those who are determined to become free.

Finally, a word about foreign corporations in South Africa. Multinational corporations are not yet involved in the business of helping to destroy apartheid. They have done some good things for their employees, and all within the framework of apartheid. If he would realize that he has been relieved of the albatross of Afrikaner unity, it no longer exists.

History

I have spent time on Botha because he holds the key to a peaceful future for South Africa. The important point is that we are oppressed will be free. That is not in question. The logic of history, even Afrikaner history, dictates that this is so. All that the whites can do is decide whether they want freedom to come reasonably peacefully or through bloodshed and armed struggle. Those are the only options available.

Botha can play a decisive role by opting for a bold policy of change. Anywise else will fail. He can never satisfy the right wing. So he should go all out to win the world and the rest of South Africa by opting for political power-sharing.

Unfortunately, he retreated into the layer of well-tried traditional Afrikaner policies, and predictably this time he lost to both the right and the left. He was not conservative enough for the right and not reformist enough for the left — if these terms mean anything in South Africa. If he were bright, he would realize that he has been relieved of the albatross of Afrikaner unity. It no longer exists.

The international community must make up its mind whether it wants to see a peaceful resolution of the South African crisis. If it does, then let it apply pressure — diplomatic, political, but above all economic — on the South African government to persuade it to go to the negotiating table with the authentic leaders of all sections of the South African population before it is too late.

Maybe it is too late, judging from the conduct of the Reagan administration. If so, then what Mr. Vorster called the alternative too hasty to contemplate is upon us. But hope springs eternal.

Letters intended for publication should be addressed "Letters to the Editor," and must include the writer's address and signature. Priority is given to letters that are brief and do not request anonymity. Letters may be abridged. We are unable to acknowledge all letters, but value the views of readers who submit them.

Letters

Sweets Immemorial

Re the editorial "Bilbery, Rainmakers and the Law" (IHT, Sept. 18): At a time when the United States is afflicted by astronomical unemployment, exports become indispensable and vital. It is only natural, and unfortunately strictly necessary, that business should use the Soviet Union was effected with the expulsion of the Soviet ambassador and the civilian remnants of what was once a formidable Soviet military presence. This coincided with a clampdown on domestic religious, political and social opponents of Sadat's rule. Some 1,500 Egyptians were arrested and are still under detention.

Robert Bailey is on the staff of the Middle East Economic Digest. He wrote this article for the International Herald Tribune.

Le Wonder Train

Much ballyhoo has accompanied the announcement of a new French wonder train, but the great problem facing almost all European railroads today is excessive traffic density. Most existing trains — passenger and goods — could go much faster than they do, but their performance is frustrated by tight schedules making speed a great danger. This is particularly true of my country, Britain, birthplace of the railroad.

Between the two world wars, the British broke several world records with super steam trains. But the joke was that the average British train continued to go slower than in 1920.

What makes the train à grande vitesse at all possible? France has

by far the lowest population density in the EEC and its railroads are infinitely less encumbered than those of most other European countries. Even the TGV can attain its maximum speed only on certain stretches of fixed track devoid of dangerous curves.

Most wonder trains tend to run to the disadvantage of the average train. I fear this will be the case even in France. For all these reasons, the TGV is not likely to be profitable when all factors are taken into consideration.

B. CHARLESWORTH
Grand-Saconnex, Switzerland

It Isn't the Same

Can it be than even William Safire, whom we need so badly, can get his etymology wrong? If lesbians argue, he writes (IHT, Sept. 28), "that 'homosexual' should be limited to men, I would put up a feeble fight." I would put up a stonger one. "Homonym," "homosexual," etc. derive not from the Latin *homo*, meaning "man," but from the Greek *homos*, meaning "same."

DAVID WINGEAT PIKE
Paris.

Your friendly philologist has just opened a yawning credibility gap.

D.M. KENYON
Romsey, England.

As my dear old illiterate grandmother used to say, beware of the homograph.

STEPHEN O. HUGHES
Rabat.

</div

JULY 15/82

Commonwealth States May Urge Global Talks On Aid for 3d World

Reuters

MELBOURNE — Commonwealth nations on Tuesday prepared a communiqué calling for the dismantling of trade barriers, new efforts to boost food supplies, and help in tapping energy resources.

Senior officials, in a draft communiqué still to be approved by government leaders attending the Commonwealth talks here, agreed it should issue a strong call for global negotiations on aid resources between the Third World and major industrialized countries.

This is a key issue to be discussed at a 22-nation North-South meeting at Cancun, Mexico, Oct. 22. President Reagan, who will be at Cancun, has so far withheld U.S. approval for the global talks long sought by the Third World.

If agreed, the communiqué would put the Commonwealth on record in supporting "every effort to remove obstacles to an early start to the global negotiations." Seven Commonwealth leaders are also going to Cancun.

Discussed Issues

The communiqué, to be issued when the eight-day meeting ends Wednesday, will express Commonwealth views on all major issues.

But diplomats said it would be less tough than Western nations wanted on disputed East-West issues such as Poland, Afghanistan and Cambodia because of the Commonwealth's broad ideological span. The grouping of states formerly ruled by Britain includes Marxist-run governments sympathetic to the Soviet Union, and most members also belong to the nonaligned movement.

House Approves Extension Of U.S. Voting Rights Act

By Bill Peterson

Washington Post Service

WASHINGTON — The House overwhelmingly approved extension of the Voting Rights Act of 1965, giving Democrats and civil rights groups one of their few legislative victories this year.

The bill extends anti-discrimination laws at the polls indefinitely but gives jurisdictions covered by the act an easier way to escape its provisions if they came.

The 359-to-24 vote came Monday night after a coalition of Democrats and moderate Republicans brushed aside nine amendments designed to weaken the bill and eliminate the requirement for printing of bilingual ballots.

"Today, the House has made good its commitments to the major civil rights battles of the 1960s," Speaker Thomas P. O'Neill Jr., a Massachusetts Democrat, said a few minutes before the vote. "It is guaranteeing the right to vote."

With the administration's position on many provisions of the bill unclear, the extension faces an uncertain future in the more conservative Senate, which is not scheduled to begin hearings on it until at least January.

Lopsided Victories

While civil rights lobbyists crowded the corridors, supporters of the extension had rolled up lopsided victories as they insisted that any amendment to the extension bill would weaken it and was unacceptable.

Author Clotilde Margheri Dies at 80; Published Berenson Correspondence

United Press International

ROME — Italian author Clotilde Margheri, 80, has died.

Her latest work was the publication in Italy of her 28 years of correspondence with the late Amer-

OBITUARIES

can art critic Bernard Berenson under the title "Lo Specchio Doppio" ("The Double Mirror").

Her most successful work was the 1970 book "Il Segno sul Braccio" ("The Mark on the Arm"), which won Italy's Villa San Giovanni prize. She died Monday.

William M. Rand

LINCOLN, Mass. (AP) — William M. Rand, 93, a naval aide to Assistant Secretary of the Navy Franklin D. Roosevelt in World War II, and president of Monsanto Chemical Co. from 1945 to 1951, died Monday.

Fred Lindstrom

CHICAGO (NYT) — Fred Lindstrom, 75, a third baseman and outfielder for nine seasons with the New York Giants and other National League teams from 1924 to 1936 and a member of the

Kekkonen Sick Leave Extended by a Month

The Associated Press

HELSINKI — President Urho Kekkonen's sick leave was extended Tuesday by a month during an extraordinary session of the Cabinet. Mr. Kekkonen, 81, who is suffering from fatigue and a cerebrovascular disorder, has been on leave since Sept. 10.

"The president's office announces that on the basis of a doctor's certificate the president will be prevented from taking care of his official duties for a month's time as of Oct. 10," the announcement said.



PEN OF HONOR — President Reagan handed a pen to Guy von Dardel, brother of Raoul Wallenberg, during a ceremony in the White House Rose Garden making Mr. Wallenberg, the Swedish diplomat who is credited with saving more than 100,000 Jews in wartime Hungary, an honorary U.S. citizen. From left are: Nina Lagergren, Mr. Wallenberg's sister; Sen. Claiborne Pell; Vice President Bush; Rep. Tom Lantos, who was in the Hungarian anti-Nazi underground and was saved by Mr. Wallenberg; and Mr. von Dardel. Mr. Wallenberg was reported to have died in a Soviet prison camp after the war but this has never been confirmed.

Nonaligned Nations Seem to View U.S. as Sole Threat to World Peace

By Bernard D. Nossiter

New York Times Service

UNITED NATIONS, N.Y. — If the 93 nations professing nonalignment are to be taken literally, the United States is the only threat to world peace and prosperity.

In the document, the United States is accused of "aggression" for downing two Libyan planes that Washington said had fired first over international waters. The United States is also "condemned"

says that "foreign forces" should pull out of Afghanistan but fails to describe them as Moscow's. Similarly, it says unidentified "foreign forces" should also withdraw from Cambodia. It discreetly does not name them as Vietnamese.

The nonaligned group, celebrating its 20th anniversary, organized in the name of independence from the camps led by Washington and Moscow. Several delegates to the conference acknowledge that the latest communiqué is more strongly tilted toward the Soviet Union than any produced since the group's meeting in Havana two years ago. These diplomats, however, contend there is both less and more here than meets the eye.

Cuba is still chairman of the group and its foreign minister, Isidoro Malmierca, ran the latest meeting here with an iron hand. According to those present, when a delegate demurred at some language, Mr. Malmierca would reply: "Don't waste time. Send your reservation in writing." This way he could preserve an artificial appearance of consensus or unanimity, required at nonaligned gatherings.

"The moderates never organized," said an Asian envoy. "The extremists did." The meeting was

presented with a relatively mild working paper. But Syria, Libya, Algeria, Nicaragua and the Palestine Liberation Organization — a 94th "nation" in nonaligned circles — introduced carefully timed amendments to stiffen the document's anti-American tone.

Several dozen members of the group, including Bangladesh, Nepal, Bhutan, Zaire, Senegal and Gabon, say they will file objections to one section or another. But for the record, the paper stands as the group's unanimous view. "It was just not important enough to fight over," said an Asian diplomat.

Some nations did, however, fight for their own cause. Egypt succeeded in erasing words that would have condemned Cairo for signing a peace treaty with Israel. Pakistan got rid of language diluting the section dealing with those anonymous "foreign forces" in Afghanistan.

The moderates concede that their unwillingness to insist on a less one-sided document reflects a widespread undercurrent of dismay with the policies of the Reagan administration.

"You're sending out the wrong signals," said an African diplomat.

In the African view, the administration's proclaimed neutrality between South Africa's ruling whites and its black population is immoral.

Washington's repeated actions to support Pretoria or spare it from rebuke have aroused deep suspicion over U.S. intentions toward the South African-administered territory of South-West Africa, also known as Namibia. In the eyes of the nonaligned, Namibia is the last colonial possession, and black Africans fear that Washington is secretly encouraging Pretoria to keep it.

NEWS ANALYSIS

in the document for its "hostility" toward the "inalienable rights" of Palestinian Arabs, for planning to build new strategic links with Israel, for attempting to "destabilize" Nicaragua, Grenada and Cuba, and for refusing to grant Puerto Rico independence even though the island's voters have repeatedly rejected this option at the polls.

The 93 nations also "deplored" the U.S. veto of the resolution condemning South Africa for its raid into Angola in August. The communique implies that Washington will break its treaty to hand over the Panama Canal to Panama at the end of the century. The document voices alarm over the accelerating arms race but singles out only one weapon, the U.S. neutron bomb. It has nothing to say about Soviet deployment of medium-range missiles in Europe.

In fact, the Soviet Union and its allies are never mentioned, save as victims, anywhere in the survey. It

At Least 1,500 Killed As Floods Hit Nepal

United Press International

KATMANDU, Nepal — The worst floods in 30 years left 1,500 people dead in the Himalayan mountain kingdom of Nepal, thousands homeless and destroyed crops last week, according to the newspaper Sanghi.

There are fears that the death toll may be higher as reports continue to reach the capital.

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'Nicholas Nickleby' Extravaganza Hits New York

By Ula Ilnytzky
The Associated Press

NEW YORK — "Nicholas Nickleby," Broadway's most expensive show at \$100 a ticket, left much of the opening-night audience feeling it got its money's worth, but had some critics questioning whether its 3½ hours was too much of a good thing.

Many who saw the show Sunday — including some who paid \$30 for standing room — said they came away feeling refreshed.

"I never expected it to be so exciting. You cheer for the hero and you curse at the villain," said Charlene Brandt, of Manhattan. "I haven't felt the time. It's just gone by in a flash."

"It's absolutely incredible. At every intermission, we were amazed that we didn't notice the passage of time," said Joseph DiCarlo, who said he flew from North Carolina, where he teaches at Duke University, especially to see the play.

Asked whether the \$100 was well spent, and if he would sit through another 8½ hours for the play, DiCarlo replied, "Absolutely."

Theater Filled

The Plymouth Theater was filled to capacity, with 985 spectators attending the \$4.4-million extravaganza, the Royal Shakespeare Company's adaptation of Charles Dickens' tale of a young innocent early Victorian England.

Although most reviewers lauded the producers' undertaking and the fine acting, some thought the play contained dull passages.

"With the high points of this 'Nicholas Nickleby' are Himalayan indeed," said

Frank Rich in The New York Times, "they are separated by dull passages, which clog the production's arteries."

Great Acting Company

But Rich praised the "great acting company" with which two ceaselessly imaginative directors, Trevor Nunn and John Caud, periodically reveal that they can indeed translate Dickens into pure theater." He added, "The novel's atmosphere — that dense and sweeping social canvas of a Victorian universe — also receives its due," for which he lauded the "unbeatable costume and lighting designers," John Napier and David Hersey.

Jay Shabazz of The Associated Press wrote, "Alas, the production, which gets off to a rousing start with flying muppets and actors dashing down the aisles . . . isn't always engrossing, particularly in the first act."

Luckily, the dull passages are few, the dramatic and touching ones many.

But Douglas Watt in the Daily News said such languid moments are probably "due as much to the spectator's momentary lapse of attention" in what it termed "big sweeping theater of a kind you are unlikely to encounter more than once in a lifetime."

David Richards of The Washington Post called the spectacle "prodigious experience" and "a seeming wonder," and found it "ruthlessly faithful to Dickens' tone."

"With uncommon audacity, 'Nicholas Nickleby' not only takes on Dickens' sprawling novel, it fractures all the petty limitations we have imposed upon the stage as well," Richard wrote. "It is a show unto itself. A landmark."

And Clive Barnes, writing in the New York Post, praised the producers and the fine acting and called the play "one of the great theatrical experiences of our time."

Even spectators who stood through the performance found it lively.

Ruth Lee Adams, a student from Florida, said the play "keeps your interest and is fast moving." Mel Malen, of Manhattan, said the standing "wasn't as bad as we thought it would be."

Connie Childs, a student at Skidmore College in Saratoga Springs, N.Y., who sat through the performance, said she found the play not in the least dull.

"It never dragged. This is theater history, happening in a big, big way," she said. But she lamented the cost of the tickets. "It's unfortunate that it's only a rich person's play," she said. "Dickens didn't write just for the rich."

Street Scene

Outside the theater, 45th Street was filled with chauffeured automobiles waiting for the end of the show.

The \$100 evening did not include the price of dinner, and most of the viewers had reserved seats at nearby restaurants ahead of time, although there were a few who brownbagged it.

Local caterers that did not require reservations, posted signs addressed to the "Nicholas Nickleby" viewer, promising to "serve you and get you back in a Dickens."

The play is in New York for a 14-week engagement, through Jan. 3. Tickets have been sold out through October.

Fashion

The Rivalry of Giorgio Armani, Gianni Versace in Milan

By Hebe Dorsey
International Herald Tribune

MILAN — Giorgio Armani and Gianni Versace are the two big guns of Italian fashion and they are constantly shooting at each other. Not openly, you understand, but indirectly, a bit like in the days of Elizabeth Arden and Helena Rubinstein when a peeled Arden would refer to Rubinstein as "the other one."

In the heated world of fashion, Versace and Armani have reached a new peak. Both look like movie stars — but while Armani is Robert Redford, Versace is more Robert De Niro. Both move with an entourage of gorgeous, doe-eyed boys and clever, funny women. In a city where good restaurants are a dime a dozen, both like the same one, El Toulé, but management is careful to have them sitting at opposite ends of the room. Armani is the darling of Women's Wear Daily, which reports on his every move and snaps all those sexy pictures — including Armani getting out of his tub — but keeping his towel on. Versace gets almost total attention from *italia*, Harper's Bazaar (whose editors report something sad that they are barred from Armani's). Both Versace and Armani have split from MODIT, the well-organized Milan fashion fair with its twice-a-year showings (the current one lasts through Oct. 8).



Versace in tux.

Aldo: Man of All 'Seasons'

By Thomas Quinn Curtiss
International Herald Tribune

PARIS — Alan Alda's "Four Seasons" is a hot hit in the United States. Its instantaneous success there comes as surprise for it is neither science-fiction epic nor sadistic melodrama, the two surefire specialties of the moment.

Alda, who wrote and directed it and plays its leading role, has drawn a collective portrait of three fairly affluent couples coasting into middle age. His approach is that of a John O'Hara novel, as he outlines the characters and background with dry, objective humor.

This trio of husbands and wives enjoy each other's company. Their professions differ — as do their opinions on certain matters — but they have similar tastes in food and travel and always holiday together and their long association has bred affectionate friendship. We have them weekend at a country home, sailing the sunlit Caribbean seas and indulging in winter sports. Their unity is disturbed when one of the fold, a banker, divorces his wife and replaces her with a flighty young woman whose flashy presence is alien to the lifestyle of the group.

Curious, the part that Alda has designed for himself — that of an inert Despinaites, the man remains exactly the same as though he had been embalmed and filed away in a safe deposit vault. As a writer the author-director-actor does better with the lesser folk of his fable, particularly with the obese dentist, with an obsession with death, absurdly impersonated by Jack Weston. The case of the abandoned wife who becomes dangerously neurotic, actually the pivot of such story as there is, receives second-hand attention, though Sandy Dennis in the role makes the most of her opportunities. There is a nimble performance, too, by the ingratiating comedienne Carol Burnett as the lawyer's mate and mother of Rita Moreno as the worried dentist's soothing spouse.

All in all you will not be bored by this attempted exposé of upper-middle-class American life as it is lived today. Its details, if not all its people, have an authentic ring. It contains platitudes, but they have been refreshed by sprightly treatment. Foreign audiences, like the American ones, will find its social satire instructive. (At the UGC Biarritz, UGC Opera and the UGC Odeon in English.)

* * *

Why anyone should want to revive "Dr. Jekyll and Mr. Hyde" again is as much a mystery as why anyone would want to revive flannel underware. It is possible that the obsolete hair-raiser might be reproduced in the nature of a wheeze — as has often happened to "Dracula" — but you will find it its old straight-faced self, with agonizing pseudo-scientific gabble in Ken Russell's "Altered States," which is derived not from the Stevenson story but from a novel by Paddy Chayefsky.

To the familiar transformation scenes — a specialty of ham actors in the theater of the 1890s and of countless movie actors even since — have been added the visions of hallucinations visited upon the experimenting scientist as he undergoes the changes from man-into-monkey and monkey-into-man.

The sight of the protagonist (William Hurt) in hairy nakedness scampering through the dark streets in search of prey is less frightening than funny. (At the Gaumont Champs-Elysées, the Quartier Latin and the Gaumont Les Halles in English.)

* * *

"In God We Trust" is so bad it is a miracle that it was released. Such awful accidents are customarily shelved. Marty Feldman, more likely to evoke pity than laughter, is entirely responsible for it, having written and directed it and having taken the chief part, that of a runaway monk who discovers his Thais in the person of a foul-spoken hooker.

With his whammy eyes, salacious grin and Cockney chirp — "the bumpy parts," he says, in describing feminine anatomy — he should be consigned to minor bits as the grotesque jester of medieval despots. (At the Saint-Michel and Gaumont Colisee in English.)

* * *

American director King Vidor, now 86, is in Paris as a guest of the French Ministry of Culture. French Culture Minister Jack Lang decorated Vidor with the insignia of Commander of Arts and Letters Tuesday and he was honored on Monday at the Cinémathèque Français with a showing of "Voyage à Galveston," a documentary of his career made by the French cineaste, Catherine Berge, and a projection of his silent 1928 comedy about the Hollywood studios, "Show People," which stars Marion Davies. Silent films require musical accompaniment and Albert Levy obliged at the piano during the unrolling of the latter.

Several of Vidor's earlier silent films are scheduled for projection at the Cinémathèque at the Palais de Chaillot, the program continuing until Nov. 15. Among these, rarely seen, are "Peg O' My Heart" with Laurette Taylor; "Wild Oranges," a film of Joseph Hergesheimer's novella, shot, however, not in Griffith Park but in the Everglades of Florida, and "His Hour" with John Gilbert. These will be followed by all the Vidor talkies from "Hallelujah," the initial film with an all-black cast, to "Way and Peace."

* * *

NYSE Nationwide Trading Closing Prices Oct. 6

Tables include the nationwide prices up to the closing on Wall Street.

12 Month Stock High Low Div. In	\$ Yld. P/E Rev. Net	12 Month Stock High Low Div. In	\$ Yld. P/E Rev. Net
125 4% AMG	24 4.5 11 322	275 4% Century	45 12 152
125 4% AMG	25 4.5 11 322	275 4% Century	45 12 152
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125 4% AMG	31 4.5 11 322	275 4% Century	45 12 152
125 4% AMG	32 4.5 11 322	275 4% Century	45 12 152
125 4% AMG	33 4.5 11 322	275 4% Century	45 12 152
125 4% AMG	34 4.5 11 322	275 4% Century	45 12 152
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Published with The New York Times and The Washington Post

PARIS, OCTOBER, 1981

Banking and Finance in SCANDINAVIA

A SPECIAL SUPPLEMENT

NORWAY: Shift to Conservatives Puts Focus on Economic Issues

By Jens Solli

OSLO — The Labor Party's defeat in Norway's mid-September elections has generated expectations among the more conservative voters of marked changes in the political and economic outlook of this oil-rich nation.

But some observers have raised a crucial question: Will the new government of Conservative leader Karrer Willoch really be in a position to alter things significantly?

Norway's center-right voters clearly think that the time has come to put the country's economic house in order after years of what they see as mismanagement by Labor Party governments.

They are looking to the new government, whether it is a coalition of non-Socialist parties or a Conservative minority Cabinet, to restore a more optimistic climate and inspire a new taste for work. They believe a Willoch Cabinet should try to rid Norway of all constraining regulations, contain the bureaucracy, ease the tax burden and boost productivity.

But the same observers question the political feasibility of such a shake-up. There are strong indications that the evolution in Norway may be determined by certain structural factors, whether the Socialists or the Conservatives are in power.

It is certain that the swing to the right in the new Storting (parliament), elected for a four-year term, is the most significant in six decades. The non-Socialist majority can therefore be expected to provide a basis for stable government. Even so, there are reasons to believe there will only be relatively minor adjustments to the main political and economic course pursued by Norway.

For one thing, Premier Willoch will have to pay attention to the Center and Christian People's parties in everyday politics even though his Conservative Party alone has secured almost three times as many seats in the Storting as the other two groupings.

Before the September polls, the

NORWAY	
Population (1980)	4,900,000
Area (sq. kms.)	386,300
GDP (billions of kroner)	283.0
GDP per capita (Dkr)	69,200
Value added in manufacturing (1979) (billions of Dkr)	45.1
Total work force	1,947,000
Employed in manufacturing	384,000
Exchange rate. SI = 5.8494kr	

Conservative Party called for substantial tax cuts, reduction of public spending, liberalization of interest-rate policy and increased private sector participation in the development of offshore oil and natural gas resources.

Differing Views

The Center Party, still basically agrarian, and the Christian People's Party have differing views on all these issues, sometimes as a matter of principle. So any major change seems unlikely in the short

(Continued on Page 8S)

DENMARK: Hope Rising As Measures Begin to Bite

COPENHAGEN — Danish officials appear in a more hopeful mood. Belt-tightening measures during the last two years have begun to take effect and crude oil has started trickling from new wells in the Danish sector of the North Sea.

The Social Democratic minority government of Premier Anker Jorgensen is still struggling with a heavy balance-of-payments deficit — which may take years to eliminate — and Denmark's accumulated foreign public and private debt re-

cently reached the 100-billion-kroner mark.

Denmark is faced with zero growth at best this year, after a 1-percent decline in gross domestic product in 1980. And unemployment, boosted by stagnating industrial output, has risen from 180,000, 7 percent of the labor force, a year ago to close to 250,000, slightly more than 9 percent. It may well remain at that level in 1982.

Moreover, the 1982 budget, presented to Parliament in August by Finance Minister Svend Jakobsen, shows a deficit of 40 billion kroner, one-quarter of the planned outlays of 164 billion kroner. The net borrowing requirement is set at 48 billion kroner.

Optimistic View

Figures of this order would no doubt send a shudder down the spine of some of Mr. Jakobsen's foreign counterparts. But Economics Minister Ivan Norgaard and his aides prefer to take an optimistic view. They consider that the austerity measures administered during the last two years have shown in the current-account deficit, in private consumption and in the competitive position of Danish exporters in foreign markets.

"I think we have started a trend," Mr. Norgaard said. He is confident that Denmark will have restored balance in its foreign payments toward the end of the current decade, while at the same time braking the growth of its foreign indebtedness, which is currently

(Continued on Page 8S)

THE NORDIC COUNTRIES

Gross Domestic Product				
Percentage change in volume				
1979	1980	1981	1982	
Denmark	3.5	-1.0	-1.0	2.0
Finland	7.2	4.9	2.0	2.0
Iceland	2.8	2.5	0.0	—
Norway	4.5	3.8	-0.5	1.6
Sweden	3.9	1.4	-1.1	-0.3
Nordic nations	4.4	1.7	-0.5	1.0

Current Account				
Billions of U.S. dollars at current prices				
1979	1980	1981	1982	
Denmark	-2.9	-2.4	-2.3	-2.6
Finland	-0.2	-1.3	-1.6	-1.0
Iceland	0.0	-0.1	-0.1	-0.1
Norway	-1.0	1.0	-0.8	-1.0
Sweden	-2.6	-5.1	-4.5	-5.2
Nordic nations	-6.7	-8.9	-9.3	-9.9

Source: Federation of Danish, Finnish, Icelandic, Norwegian and Swedish Industries.

SWEDEN: Trying to Agree on a Remedy

STOCKHOLM — "There's a near-consensus about the diagnosis — we all know that strong medicine is needed," a Swedish economist said. "But we cannot agree on the color of the pill."

The main symptoms of the so-called Swedish sickness are illustrated by the latest economic forecasts of the Federation of Swedish Industries. It foresees a 1.1-percent decline in gross domestic product this year, a 2-percent drop in industrial output, a 6-percent fall in industrial investment and a 13-percent rise in consumer prices. This would be accompanied by a payments deficit of about \$5 billion and a further loss of market shares by Swedish exporters.

The federation's forecasts were just a shade more pessimistic than those released last June by the Paris-based Organization for Economic Cooperation and Development (OECD).

"Reducing the current account deficit must be a prime objective for economic policy," OECD economists said in their annual report on the Swedish economy. "To this end, a shift of resources from the sheltered sector to the competing sector would be necessary." The report added: "It may be asked whether absolute cuts in government expenditure will not be required to improve the economic balance within a reasonable time, even at the cost of higher unemployment in the short run."

Unemployment

The unemployment rate was 2 percent last year but could rise to 2.7 percent this year, according to the federation. This is low by West European standards but high in a country where nearly half a century of Social Democratic rule has turned full employment into a cornerstone of economic policy.

SWEDEN

Population (1980)				
Area (sq. kms.)				
GDP (billions of kroner)				
1979	1980	1981	1982	
178.8	181.8	184.7	188.8	

Value added in manufacturing (1979) (billions of SEK)

Total work force

Employed in manufacturing

Exchange rate. SI = 5.503kr

120.7

930,000

SI = 5.503kr

With general elections due next September, Sweden's economic predicament appeared to have set off a bit of early electoral campaigning last August, centering on problems accumulated since the first big rise in oil prices in 1973.

By mid-September, the minority two-party coalition headed by Prime Minister Thorbjorn Falldin, the Center leader, unexpectedly announced a 10-percent devaluation of the krona against the currencies of Sweden's 15 main trading partners. To neutralize the short-term negative effects of the devaluation, the government set a price freeze until the end of the year and — apparently deferring to the OECD prescriptions — announced cuts in public spending totaling 6 billion kronor. In a concession to flagging industry, Mr. Falldin also knocked about 4.5 percentage points off the value-added tax, reducing it to 20 percent.

The premier said that the package would boost exports by 10 percent next year and reduce imports by 5 percent, triggering a surge in

Nordic Investment Bank Expands at Steady Pace

By Jan Kristiansen

Helsinki — The Nordic Investment Bank (NIB), jointly operated by Denmark, Finland, Iceland, Norway and Sweden, has carved a niche for itself in North European finance and is steadily expanding its borrowing and lending activities.

The five governments, which have cooperated through the Nordic Council throughout most of the postwar period, established the bank within this context in 1976 to promote investment and the expansion of trade in the region.

By last August, NIB had channeled nearly \$80 million special drawing rights (SDRs), the paper currency issued by the International Monetary Fund, about \$650 million, into Nordic industrial projects and export financing.

The NIB statutes stipulate that, to qualify for a loan, a project must involve cooperation between firms and/or institutions of at least two of the five member countries, or must be of significant benefit to at least one other Nordic country.

The overall lending figure, involving 110 loans, might seem fairly modest by international standards, but the sponsors and the NIB management have preferred to build up operations gradually and carefully in the initial phase.

Funds From Overseas

The bank has proved its usefulness, according to senior officials in member capitals who note that it has helped pipe in funds from overseas markets at a time when most countries of the region are running payments deficits as a result of high oil costs.

Industry, in particular those companies that have benefited from NIB's activities, has welcomed the bank as an additional source of medium- and long-term finance.

Scandinavian bankers initially expressed some skepticism on the ground that it appeared to be a government creation with political overtones. But the bank operates on strict professional principles and is bound by its statutes to seek profit. Its cooperation with com-

The NIB has won international recognition as a highly credit-worthy borrower.

mercial banks is now smooth.

Moreover, NIB has won international recognition as a highly credit-worthy borrower. It was awarded AAA ratings a year ago on the U.S. market both by Moody's and by Standard and Poor's.

"As a fund-raiser, we are enjoying a special status in the region. We are its only international financial institution," said Petter Skouen, NIB vice president and treasurer. With the AAA rating, this has helped the bank gain access to Japan's domestic capital market.

the European Investment Bank have been allowed into the Tokyo market. The loan of 20 billion yen signed by NIB on July 27 was for 15 years at 0.2 percentage point above Japan's long-term prime rate, which means an interest rate of 8.7 percent a year.

The loan, which was NIB's largest single borrowing, was organized by a Japanese bank syndicate with the Industrial Bank of Japan as lead-manager. "No other borrowers in the Nordic region could have achieved this, not even the governments," Mr. Skouen said.

The yen raised in Tokyo were earmarked mainly for four major loans in the energy sector, which has so far received roughly 40 percent of NIB's total lending of \$650 million during the last five years.

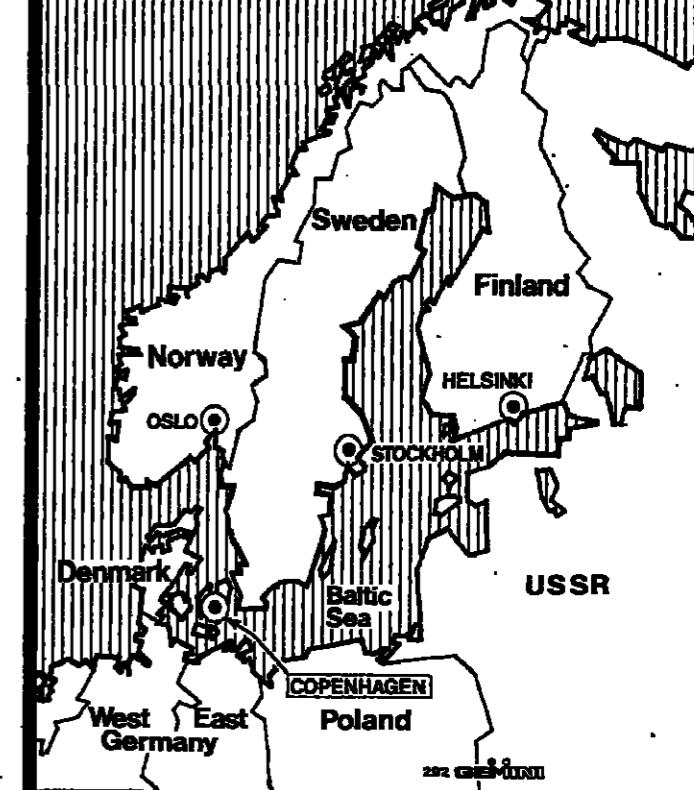
Lending to costly energy projects, requiring long-term financing at fixed interest, accounted for the lion's share of NIB's lending during the first eight months of this year. In all of

(Continued on Page 8S)

July 10, 1981

SCANDINAVIA

Arctic Ocean



FINLAND: Downturn This Year

FINLAND

Population (1980)	
Area (sq. kms.)	
GDP (billions of marks)	
4,780,000	337,000
186.8	39,100



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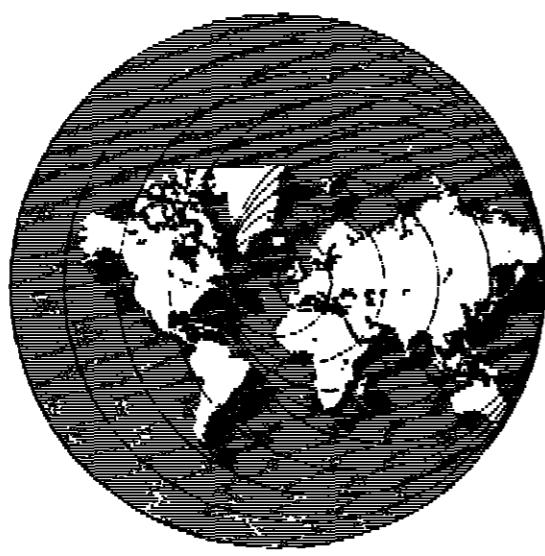
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In 1980 and the first three months of 1981, the issues lead-managed were the following:

Ente Nazionale Per l'Energia Elettrica, US \$ 200,000,000 (1980-1987)
Ente Nazionale Per l'Energia Elettrica, US \$ 200,000,000 (1980-1987)
United Mexican States, FF 150,000,000 (1980-1985)
European Economic Community, US \$ 70,000,000 (1980-1995)
European Economic Community, US \$ 26,000,000 (1980-1985)
CIT-Alcatel, FF 150,000,000 (1980-1990 conv.)
Renault, FF 300,000,000 (1980-1985)
CII-Honeywell Bull, FF 225,000,000 (1980-1985)
La Redoute, FF 125,000,000 (1980-1985)
Gaz de France, US \$ 80,000,000 (1981-1986)
E.D.F., US \$ 125,000,000 (1981-1988)
S.N.C.F., US \$ 75,000,000 (1981-1991)
B.F.C.E., FF 500,000,000 (1981-1986)

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Norwegian Banks Report Gains

OSL — Norwegian bankers and businessmen predict a change in the managed economy when Conservative Party leader Kaare Willoch forms a minority government in Norway after the Labor Party's defeat in September. They expect no panacea for the problems plaguing the economy, despite the wealth generated by Norway's offshore oil and gas fields.

A variety of recent forecasts indicate that the consumer price inflation rate could reach 13 percent to 14 percent this year, accompanied by near-stagnation of economic growth and a further loss of market share for Norway's traditional industries.

Compared with neighboring countries and Norway's West European partners, there are certainly some bright spots. The Norwegian Bankers Association expects a current-account surplus for the second consecutive year in excess of 8 billion kroner. The jobless rate — 1.7 percent early this year but rising — is minimal compared with the West European average.

"Norwegians are willing to pay a higher price than anyone else for full employment," said Trond R. Reinersen, managing director of the Bankers Association, citing historical causes. This explains why the Labor Party government dug into the country's mounting oil revenues in a bid to bridge the recession that followed the first big oil price rises in 1973-1974. The result was a swelling in public spending since 1975, partly through indirect subsidies to flagging companies, municipalities and the housing construction sector via Norwegian state banks.

"There were just no financial limits," Mr. Reinersen said. The spending spree was followed by restrictive policies beginning in 1978

(Continued from Page 7S)
conomic forces seem to be moving ahead according to their own inherent logic and without reacting much to political stimuli.

Oil and Gas

Norway has become an oil-producing country for better and for worse. Oil and gas account for nearly one-quarter of the state's tax and other revenue. The proportion is likely to rise more toward the end of the decade. The oil sector's output nearly matches that of the traditional industries of continental Norway.

Oil and gas exports have reached the same level as sales of other industrial goods and services. By the year 2000, the oil sector will probably account for half of all wealth generated in Norway.

In many respects Norway has had fantastic luck. Other countries are faced with heavy government

and a 15-month price freeze to check soaring inflation. Commercial banks are still feeling the effect of the Bank of Norway's tight money policies, although they have been eased slightly since spring.

"Our biggest borrower is the Norwegian state," Mr. Reinersen said. Aside from a basic reserve requirement of 8 percent, commercial banks are required to hold 30 percent of their assets in government bonds; therefore 38 percent of the banks' funds are tied down. Other regulations cover lending and interest rates. "There are countless restrictions on the use of the banks' assets," Mr. Reinersen said.

The commercial banks — the three major banks, which hold about two-thirds of the commercial banks' assets plus about 15 regional and local banks — nevertheless reported a slight improvement in profits during the first four months of the year. The average profit-to-assets ratio came out at

1.05 percent, up from 0.75 percent in the final four months of 1980, but still far below the 1976-1978 average of 1.3 percent and the 1979 ratio of 1.45 percent.

Bankers and businessmen hope the new government will take steps toward the deregulation of the Norwegian economy. They stress the urgency of action to improve profitability in banking as in industry. The stagnation of industry has been brought about by the crowding-out effect of public sector growth, said Egil Bakke, director of the Federation of Norwegian industries.

Profitability

"We can't speed up mainland Norway again through credits alone," he said. "It is profitability that has to be improved. On the other hand, it is clear that there is no point in compensating the failure to hold down public spending by reducing banks' lending. That's not rational."

Foreign Banks Hopeful On Approval by Finland

HELSINKI — Crubank, a leading U.S. bank, hopes to be the first foreign bank to receive the go-ahead to set up a subsidiary in Helsinki, banking sources here say.

A major French bank and a number of other foreign banks have reportedly applied for government authorization to establish branches here, under terms of legislation adopted early in 1980. They had previously been allowed only to have representative offices in Finland.

Finnish banks have objected to the change. They argue that it would be unfair for subsidiaries of foreign banks to be allowed to compete for deposits without being bound by special obligations they themselves face such as financing housing loans, loans to students and underwriting state bond issues.

The Bank of Finland has not yet announced the ground rules for foreign bank operations under the legislation.

NORWAY: Shift to Conservatives Puts Focus on Economic Issues

budget deficits and have to trim spending in vital areas, but Norway will have a surplus this year of 10 billion to 15 billion kroner.

Other countries face serious external imbalances. Their only means of maintaining competitiveness is to reduce domestic consumption and imports. Norway, on the other hand, will continue to show surpluses on current account, this year in the area of 10 billion kroner.

Over a period of time, the surpluses could grow to dozens of billions of kroner annually. Norway will therefore not be forced to follow a policy that could threaten the liberal social benefits or lead to higher unemployment.

A major task for the new government will be to persuade the Norwegian people that cutbacks in public spending are inevitable, and that the high standard of living may have to be lowered in spite of

the strength of the country's external balance.

Much will depend on the trade unions. Despite some foot-dragging, the labor movement has agreed in recent years, partly out of solidarity with the Social-Democratic government, to hold down domestic consumption in order to make up for competitiveness lost during the mid-1970s.

However, it is doubtful that LO, the powerful labor union confederation, will show the same kind of loyalty toward a Conservative government, analysts say. The unions could easily demand a larger share of Norway's oil wealth, in the form of higher pay, after the moderation shown in recent years.

Practical Solution

If the new government implements any significant tax reductions, as promised by the Conservatives during the electoral cam-

Banking and Finance in SCANDINAVIA

Mr. Rostoft, like most of his colleagues, is convinced that Norway will become a net capital exporter within a few years. He cites one projection indicating that the surplus available for export could reach \$50 billion by the end of this decade. Banks must play the central part in channelling the surplus into overseas markets rather than state institutions, Mr. Rostoft said.

Leif Uno Thulin, executive vice-president of Den-Norske Creditbank (DNC), said there has been a lack of understanding in Norway concerning trade in "invisible" such as currency trading and other banking activities. This is a growth sector worldwide where we in Norway are competitive. Banks form a foreign exchange earnings industry in their own right," he said.

Top Traders

DNC, the largest Norwegian commercial bank, was the first European bank to set up its own petroleum department, led by Mr. Thulin. "Forty percent of DNC income is generated internationally," he said.

Bankers in Norway are pleased to note that, despite the relatively small size of the Norwegian banking system, two banks — DNC and Christiania Bank — are among the top 15 currency traders in the world.

"Norwegian commercial bankers are very efficient," said a foreign banker based in Oslo who describes the DNC foreign exchange dealings room as one of the best in the world. According to him, the Norwegian krone will surely get international market stature although Euro-krone issues have not yet exceeded 500 million kroner a year.

JAN KRISTIANSEN

early in the 1970s, Norwegians have not only experienced the sharpest increase in private consumption in their history, they have also implemented social reforms that tend to reduce labor efficiency.

In a situation of sharply increasing wages and prices, it would not be easy to improve the competitive capacity of Norway's traditional industries. The only practical solution would be to secure a substantial improvement of productivity — the output per worker.

In recent years, productivity growth in Norway has been among the weakest in the industrial world. Since the first crude oil was pumped from the North Sea fields

Jens Solli is an economic commentator of NRK, the Norwegian radio and television network.

FINLAND: A Downturn After a Period of Growth

(Continued from Page 7S)

been helped by the Bank of Finland's relatively low discount rate (9.25 percent), although the bank has kept a tight rein on liquidity to prevent overheating during the recent boom.

In addition to the bank's tough credit squeeze and successive devaluations of the Finnish mark, the harsh measures that entailed a sharp temporary rise in unemployment included severe curbs on the growth of public spending, a refusal to bail out ailing industries, and steps to reduce the tax burden from more than 40 percent to about 35 percent of GDP.

As a result, the government budget deficit has been reduced to roughly 2.5 percent of GDP this year (against 15 percent in Denmark) and the gross borrowing requirement will remain unchanged from last year, in the range of 5 billion Finnish marks to 5.5 billion Finnish marks.

But what is remarkable, Mr. Nars said, is the reduction of Finland's overall net indebtedness from 21 percent of GDP in 1977 to 15 percent by the end of last year.

The oil import bill has risen sharply, but the impact has been mitigated through favorable trading arrangements with the Soviet Union that help Finland meet the major part of its crude import requirements.

Combined with better-than-anticipated trade figures in the first half of this year, this points to a fairly limited widening of the country's current-account deficit from last year's 5.2 billion Finnish marks.

Against that background, the Bank of Finland has moved cautiously to ease its stringent monetary controls. Last April it lowered the interest on call money (it has been raised slightly since) and eased the cash reserve deposit obligation imposed on the deposit-taking banks. These deposits with the central bank reached a peak of nearly 3.5 billion Finnish marks last March, but were down to 2.3 billion by the end of June.

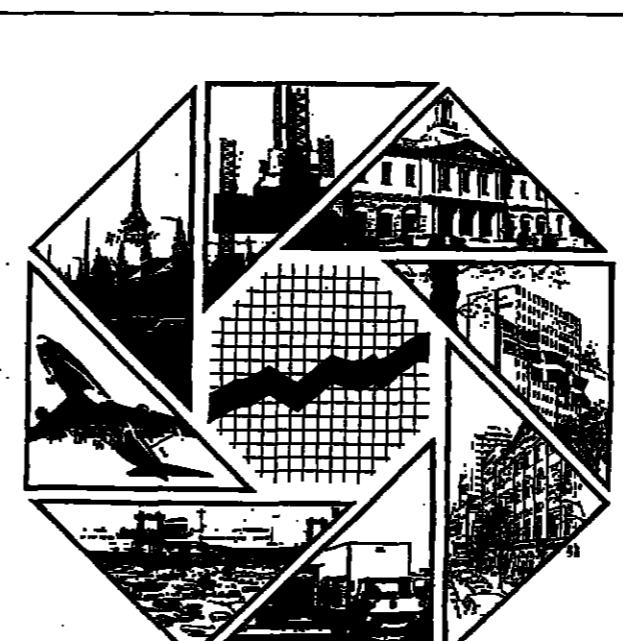
Reduced Debt

Finland's seven commercial banks have meanwhile reduced their total debt to the central bank from about 4.8 billion Finnish marks at the end of last year to 3.5 billion last July. "They consider the situation as more satisfactory," Mr. Nars said.

Soaring interest rates on the international market have deterred corporate borrowing abroad. Companies should have increased access to domestic funds toward the end of the year, according to analysts in Finland.

The top two commercial banks, Kansallis-Osake-Pankki and Union Bank of Finland, recorded balance sheets of 24 billion Finnish marks last year, respectively 27 and 20 percent higher than in 1979. Figures for the third-ranking commercial bank, Bank of Helsinki, and Postipankki, the Post Office Bank which is the third largest deposit-taking bank, were respectively 4.4 billion and 15.1 billion Finnish marks, for increases of 15 percent and 12 percent.

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Danish Bankers Take An International Tack

By Steffen Lenzschau-Teglers

COPENHAGEN — More aggressive competition at home and the growing involvement of Danish companies in overseas markets are prompting Danish banks to put increased emphasis on the internationalization of their activities.

Top executives of Denmark's five leading banks say their strategy during the next few years will be to increase their capacity for offering corporate customers comprehensive international services — ranging from market information and advice to financing and capital management — and credit mediation between Denmark and the international markets.

At the same time, the banks envisage much greater use of electronic technology. By the end of this decade, they could emerge as "financial supermarkets" capable of providing private customers advice and assistance in all areas of household economics, from consumer financing to tax problems. A leading banker said, "People won't be going to their banks so much in order to get money as to get advice." Denmark, too, is moving toward the cashless society.

The big five Danish banks — Kjøbenhavns Handelsbank, Den Danske Bank, Privatbanken, Andelsbanken and Provincbanken — feel they have to follow, or in some cases precede, Danish firms in foreign markets to provide financing, advice and other services abroad and at home. Otherwise they risk losing customers to major foreign banks with branches already established in Copenhagen.

Competition

More important, they expect foreign operations to account for a growing part of their earnings. Competition is sharp on the domestic market, and the possibilities for increased profits are limited. Experience has shown that trying

to take customers from other banks on a large scale is too costly.

The banks believe their best opportunity for maintaining earnings growth is to make headway in the international market as intermediaries for credits to Danish corporations, borrowers, the state, municipalities and public utilities. Increased participation in organizing syndicated loans should bring good income over a period of time because of the volume involved.

Leading Danish bankers believe that banking, in a decade or more, will become a currency-earning industry.

The outlook for domestic growth is dim," said Hennings Gade. The idea behind the growing emphasis on activities abroad is "to follow the customers just like the big American banks have been doing for years," he said.

Foreign Loans

Through participation in Nordic consortium banks with subsidiaries in world financial centers — the course chosen by Handelsbank — or by setting up their own subsidiaries and branches abroad, Danish banks are in a position to provide foreign loans directly to their Danish customers.

For 10 years, lending by Danish banks was curtailed by a credit ceiling system applied to each bank. This accentuated the bank's go-between role for loans from foreign banks to Danish customers. "It is bad having to lend other people's money when you have funds of your own," Mr. Gade said.

The ceiling system was suspended last November and replaced by liquidity control based on the sale of government paper and regulated access to central bank credit.

Den Danske Bank already derives a substantial share of earnings from overseas operations that forms the basis of much of its lending, said Knud Sorensen, one of the bank's executives. He feels

Scandinavia's 25 Largest Banks

Ranked by Total Assets at Year's End

Rank	Name	Assets '79	Change '79	Per cent. change	Assets '80	Change '80	Per cent. change	SDRs
1	Den Danske Bank	59,176.0	+12.4	20.3	65.0	6,762	10.0	132 million
2	PKA Banken	53,830.0	+18.3	30.2	61.4	3,610	11.5	
3	Skandinaviska Kreditbanken	52,905.0	+22.4	30.3	58.5	5,400	13.0	
4	Andelsbanken	51,177.0	+34.7	28.4	52.0	891	8.0	
5	Den Norske Creditbank	51,120.0	+12.3	10.0	52.0	276	0.0	
6	Den Danske Handelsbank	34,910.4	+18.5	37.2	42.2	8,910	17.0	
7	Den Danske Bank	33,932.2	+24	37.0	44.5	5,983	21.0	
8	Den Danske Handelsbank	32,624.3	+22.1	19.6	32.1	5,485	24.0	
9	PKA Banken	29,911.2	+28.8	26.2	41.3	7,486	33.0	
10	Den Danske Handelsbank	24,627.0	+4.1	18.0	27.5	3,389	38.0	
11	Den Danske Handelsbank	22,830.0	+30.3	26.0	37.4	3,464	32.0	
12	Andelsbanken	22,222.0	+10.2	27.7	21.5	2,078	22.0	
13	Den Danske Handelsbank	21,078.7	+3.7	20.0	21.7	3,917	5.0	
14	Den Danske Handelsbank	19,760.0	+34	18.0	25.4	3,762	19.0	
15	Den Danske Handelsbank	17,944.0	+25.8	18.5	45.1	3,391	23.0	
16	Den Danske Handelsbank	17,257.0	+12.8	18.3	17.2	5,613	10.0	
17	Den Danske Handelsbank	16,223.0	+38.5	8.0	1.0	2,208	0.0	
18	Den Danske Handelsbank	13,244.5	+14.2	10.5	16.0	3,911	21.0	
19	Den Danske Handelsbank	11,800.7	+24	15.4	17.7	2,307	12.0	
20	Den Danske Handelsbank	11,170.0	+19.4	14.0	19.4	2,528	18.0	
21	Den Danske Handelsbank	9,932.2	+14.9	15.0	19.4	2,621	14.0	
22	Den Danske Handelsbank	9,902.0	+10.7	10.0	11.7	2,621	10.0	
23	Den Danske Handelsbank	7,180.4	+26.5	24.0	30.4	1,907	26.0	
24	Den Danske Handelsbank	7,070.0	+20.5	26.0	31.7	1,322	18.0	
25	Den Danske Handelsbank	7,000.0	+15.4	17.0	20.0	1,322	14.0	

the bank will place a larger emphasis, in the future, on exporting Danish banking expertise and reaping profits that would benefit the bank's growth and the Danish balance of payments.

Expansion Abroad

Privatbanken's Sten Rasborg said, "Expansion abroad is seen as our ticket to continued growth and earnings through the 1980s." Privatbanken has done many things to help small and medium-size enterprises move into the export business. It has set up an export financing department that helped four companies arrange the financing of a \$300-million-kroner order for prefabricated houses to El Asnam, the earthquake-stricken Algerian town. The bank sees a potential export market in the hous-

ing constructing sector, Mr. Rasborg said.

Kjeld Knudsen of Andelsbanken sees good prospects opening up for Danish banks internationally. Aside from the growing financing needs of Danish business and industry, he cites the large public works projects being planned in Denmark's energy sector. "I believe we have to be increasingly in a position to organize financial packages," he said.

Egil Hastrup, director of Provinbanken, said overseas expansion by the big Danish banks is a necessity.

Steffen Lenzschau-Teglers is a staff writer for the Danish economic and financial monthly *Maaedes Borsen*, published in Copenhagen.

DENMARK: Hope Is Rising as Measures Begin to Bite

(Continued from Page 75)
followed by a devaluation of the Danish krone.

Stimulating Output

In a second package in the spring of 1980, the value-added tax was raised, the 1979-80 oil price rises were passed on to households through higher taxation, and companies were granted investment incentives and tax relief on profits. The purpose was to stimulate output and job creation.

As a result, real disposable income of households has dropped by 13 percent to 14 percent from the mid-1970s. "There is hardly any country in Europe which has experienced such a dramatic restriction of buying power," one of Mr. Norgaard's aides said.

Social Spending

At the same time, authorities see a clear downward trend in the current-account deficit. It remains large, at an estimated 13.5 billion kroner, but this amounts to 3.3 percent of GDP, more than one percentage point less than the 1979 deficit of 15.3 billion. "This year's deficit practically matches the total interest payments on our foreign debt," a government economist said.

These measures, combined with the rise of the U.S. dollar, have helped improve Danish exports' competitiveness by 15 percent during the last two years, officials say. They have regained market shares despite sluggish demand on major export markets.

The huge debt and the current-account deficit are clearly linked with the high level of social spending — social benefits of the Danish welfare state account for 36.8 percent of public expenditure this year — as well as the additional cost of generous compensation to the jobless through state-backed unemployment insurance. "The jobless should not have to shoulder the burden of the recession," Labor Minister Svend Auken said.

Unlike Norway and Sweden, Denmark has avoided subsidizing uneconomic enterprises, which explains the nation's much higher jobless rate, a company economist said. At the same time, it has made Danish companies healthier.

In addition, the prospect of reducing Denmark's dependence on imported oil by the mid-1980s is a

—JAN KRISTIANSEN

NIB Expanding At Steady Pace

(Continued from Page 75)

1980, NIB granted 31 loan equivalent to 132 million SDRs.

Of last year's lending, 66 percent was investment loans in member countries. Under this heading, only 16 percent went to the energy sector, whose share will rise substantially this year. About one-fifth of the investment loans went to the engineering industry as a contribution to much-needed structural adjustment and improved efficiency.

Of last year's overall lending, 12 percent was earmarked for export credit, involving capital goods supplies to African countries and the delivery by a Finnish group of a ferro-chrome plant to be set up in Greece on a turnkey basis, with companies from other Nordic countries taking part as subcontractors.

THIS special report on banking and finance in Scandinavia was prepared by the International Herald Tribune's special supplements staff in cooperation with Agence France-Presse and its bureaus in Scandinavia. A report on Scandinavia's new wave of economic conservatism by IHT staff correspondent Axel Krause appeared on Page 1 of the Oct. 6 edition of the IHT.

The remaining 22 percent went to a regional lending scheme launched for a two-year trial period last year with funds being channeled via regional development authorities to medium-size and small companies in the five countries.

The bank hopes to get the go-ahead soon for a new type of lending that would focus on participation in project investment loans.

"We have made this bank finance well," said NIB vice president Erik Rindal. "I think industry, bankers and politicians will subscribe to that."

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NYSE Nationwide Trading Closing Prices Oct. 6

Tables include the nationwide prices up to the closing on Wall Street.

(Continued on Page 12)

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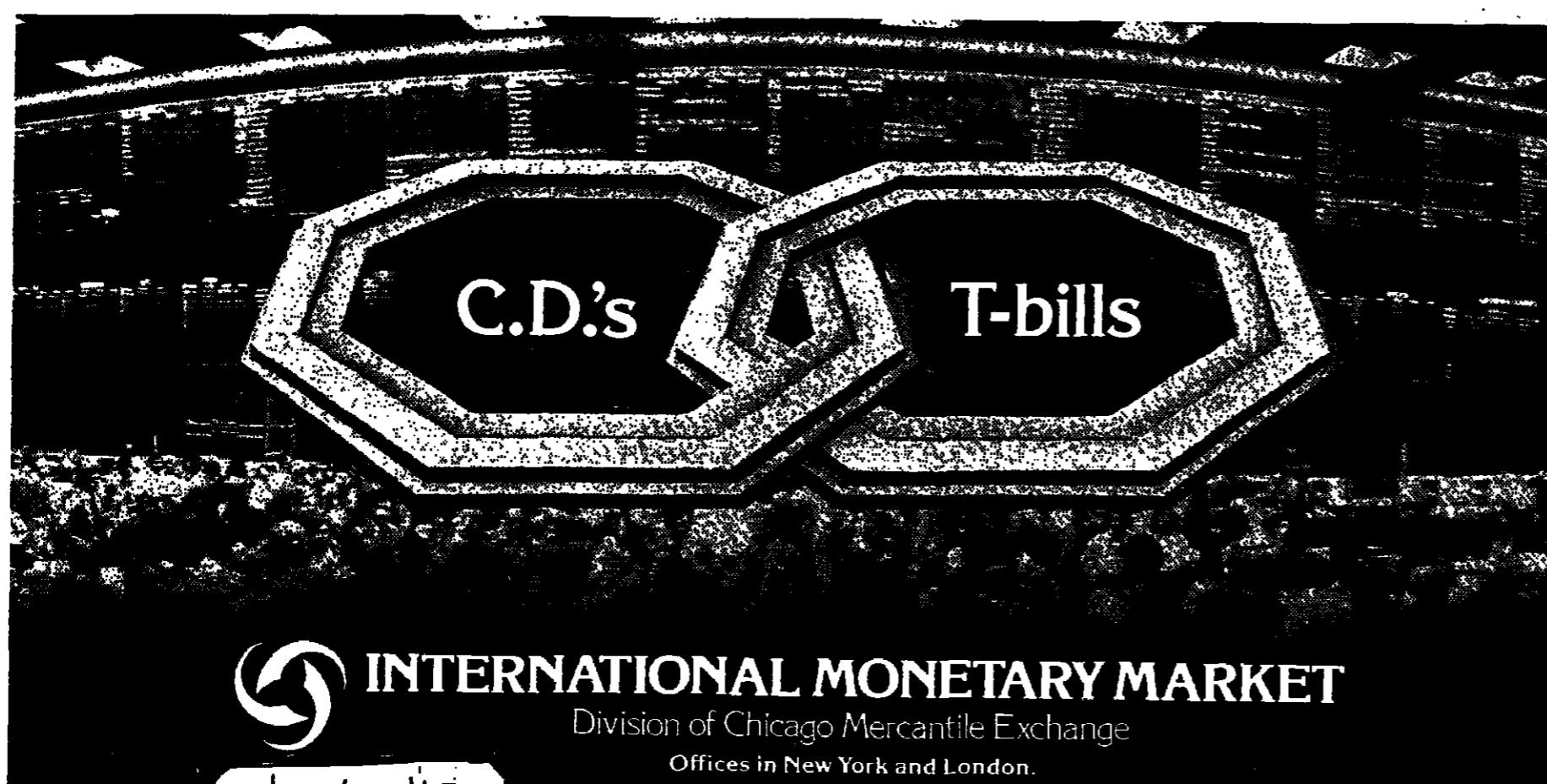
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Floating Rate Notes

Closing prices, Oct. 6, 196

Benz

Selected Over-the-Counter

Closing Prices, Oct. 6, 1981

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BUSINESS NEWS BRIEFS

Seagram Agrees to Limit Holding of Du Pont

From Agency Dispatches

MONTREAL — Seagram said Tuesday it has signed a friendly long-term agreement with Du Pont to limit its holding in that company's voting stock. The agreement also gives each company representation on the other's board of directors.

Seagram said its holding in Du Pont will not exceed 25 percent, and Du Pont will have a right of first refusal to buy the shares if Seagram offers them for sale. Seagram acquired about 20 percent of Du Pont's stock in its battle with Du Pont and Mobil to gain control of Conoco.

Seagram, which is based here, said the 10-year agreement will be extended automatically for five years unless it gives notice by the end of the sixth year of its intention to terminate the agreement.

Lukens Complains of Dumping by Japan Steel

From Agency Dispatches

COATESVILLE, Pa. — Lukens Steel, the leading U.S. producer of stainless-steel-clad plate, filed a complaint with the Commerce Department Tuesday charging Japan Steel Works with selling clad plate on the U.S. market at less than production cost, in violation of U.S. trade laws.

Lukens President W.F. Wilson said the company had evidence indicating that Japan Steel Works was selling clad plate at about 14 percent less than fair market value, for large petrochemical projects in Kentucky, Louisiana and Oklahoma.

Japan's exports of clad plate to the United States jumped to 1,265 short tons in the first six months of this year from less than 40 tons in 1979 and 1980, Mr. Wilson said. Lukens asked the Commerce Department to impose duties to bring Japan Steel Works' prices up to U.S. market prices.

Komatsu Predicts Record Income, Sales for '81

Reuters

TOKYO — Komatsu, a leading Japanese manufacturer of construction equipment, said Tuesday it expects to report record net income and sales for the business year ending Dec. 31, despite a fall in domestic sales.

A company spokesman said net income is expected to exceed last year's record of 27.77 billion yen (\$121 million) with sales up from the 1980 record of 647.77 billion.

Komatsu reported consolidated net income of 14.83 billion yen and sales of 333.45 billion, both records, for the half-year ended June 30. These figures were up by 10.5 percent and 5.8 percent respectively from the year-earlier figures. Earnings per share were up to 19.87 yen from 18.43.

Guthrie Recommends Share Sale to Pernas

Reuters

LONDON — Guthrie Corp.'s board has reluctantly decided to recommend that shareholders accept an offer from Permodal Nasional Berhad, or Pernas, to buy all of Guthrie's common shares, it said Tuesday.

Pernas, Malaysia's national equity corporation, which secured a majority share in Guthrie last month, is bidding \$9.01 for the remaining shares. On Tuesday, Guthrie estimated net tangible assets attributable to ordinary shareholders as of Sept. 30 at \$250 million, or about \$8 per share.

Guthrie, which has plantation holdings in Southeast Asia, forecast its 1981 pretax profit at not less than \$28.5 million against \$24.0 million last year, with almost all the increase deriving from non-plantation interests.

Pan Am Plans to Cut Fares To London by up to 59%

New York Times Service

NEW YORK — Pan American World Airways, in an effort to attract more overseas business, has announced fare cuts of up to 59 percent on some of its London routes, including a one-way unrestricted fare between New York and London for \$261.

The New York to London fare undercut by \$57 the unrestricted economy fare of Laker Airways.

Sources in Kuwait Report New Effort For OPEC Talks

Reuters

BAHRAYN — OPEC oil ministers are trying to arrange an emergency meeting to agree on a new unified price. A decision on whether to hold the talks is possible next week, informed Kuwaiti oil sources on Tuesday.

OPEC ministers are scheduled to meet in Abu Dhabi on Dec. 10, but the sources said telephone consultations between the 13 ministers have recently been intensified in an attempt to arrange an earlier meeting.

The Gulf sources said there was pressure to decide on the meeting quickly, because some ministers felt that to have talks too close to the Abu Dhabi discussions would be pointless.

The analysts said Saudi Arabia's oil minister, Sheikh Ahmed Zaki Yamani, has made remarks recently indicating a willingness to raise Saudi prices to \$34 a barrel, an offer he made at the special conference in Geneva in August.

Iraq Reportedly to Cut Crude Oil Price by \$2

United Press International

TOKYO — Iraq will lower the price of its crude oil by \$2 to \$34.93 a barrel retroactive to Oct. 1, Kyodo news service reported Tuesday. It said Japanese oil companies received notice of the price reduction Tuesday from Iraq National Oil, which is state-owned.

The Iraqi move, which followed reports last week that Kuwait and Oman had cut their oil prices, could trigger a chain reaction among other Gulf oil states and lead to a restructuring of OPEC pricing, according to oil industry sources quoted by Kyodo.

CURRENCY RATES

Interbank exchange rates for Oct. 6, 1981, excluding bank service charges.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
U.S. Dollars	\$	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Amsterdam	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275
Atlanta (1)	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252
Brussels	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361
London (2)	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945
Paris	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946
New York	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947
Paris (2)	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948
Paris (3)	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949
London (3)	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950
Paris (4)	1.951	1.951	1.951	1.951	1.951	1.951	1.951	1.951	1.951	1.951	1.951	1.951	1.951	1.951
Paris (5)	1.952	1.952	1.952	1.952	1.952	1.952	1.952	1.952	1.952	1.952	1.952	1.952	1.952	1.952
Paris (6)	1.953	1.953	1.953	1.953	1.953	1.953	1.953	1.953	1.953	1.953	1.953	1.953	1.953	1.953
Paris (7)	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954
Paris (8)	1.955	1.955	1.955	1.955	1.955	1.955	1.955	1.955	1.955	1.955	1.955	1.955	1.955	1.955
Paris (9)	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
Paris (10)	1.957	1.957	1.957	1.957	1.957	1.957	1.957	1.957	1.957	1.957	1.957	1.957	1.957	1.957
Paris (11)	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958	1.958
Paris (12)	1.959	1.959	1.959	1.959	1.959	1.959	1.959	1.959	1.959	1.959	1.959	1.959	1.959	1.959
Paris (13)	1.960	1.960	1.960	1.960	1.960	1.960	1.960	1.960	1.960	1.960	1.960	1.960	1.960	1.960
Paris (14)	1.961	1.961	1.961	1.961	1.961	1.961	1.961	1.961	1.961	1.961	1.961	1.961	1.961	1.961
Dollar Values														
U.S. Dollars	\$	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Amsterdam	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275	2.275
Atlanta (1)	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252	2.252
Brussels	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361	2.361
London (2)	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945	1.945
Paris	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946	1.946
New York	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947	1.947
Paris (2)	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948	1.948
Paris (3)	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949	1.949
London (3)	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950	1.950
Paris (4)	1.951	1.951	1.951	1.951										

NYSE Nationwide Trading Closing Prices Oct. 6

Tables include the nationwide prices up to the closing on Wall Street

Sales figures are unofficial.
d—New yearly low, u—New Yearly high.
Unless otherwise noted, rates of dividends in the foregoing table are annual disbursements based on the last quarterly or semi-annual declaration. Special or extra dividends or payments not designated as regular are identified in the following footnotes.

c—Also extra or extras. b—Annual rate plus stock dividend.
 c—Liquidating dividend. e—Declared or paid in preceding 12 months. f—Declared or paid after stock dividend or split-up. i—Paid this year, dividend omitted, deferred or no action taken at last dividend meeting. k—Declared or paid this year, an accumulative issue with dividends in arrears. n—New issue. r—Declared or paid in preceding 12 months plus stock dividend. t—Paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.

m—Ex-dividend or ex-right. u—Ex-distribution and value in full.

x—Ex-dividend or ex-rights, y—Ex-dividend and sales in full.
z—Sales in full.

AMEX Nationwide Trading Closing Prices Oct. 6

Tables include the nationwide prices up to the closing on Wall Street

**FOR READERS WHOSE LIVES
LINGER THAN NATIONAL BOUNDARIES.**

International Herald Tribune

Eagles Beat Falcons on Field Goals

The Associated Press

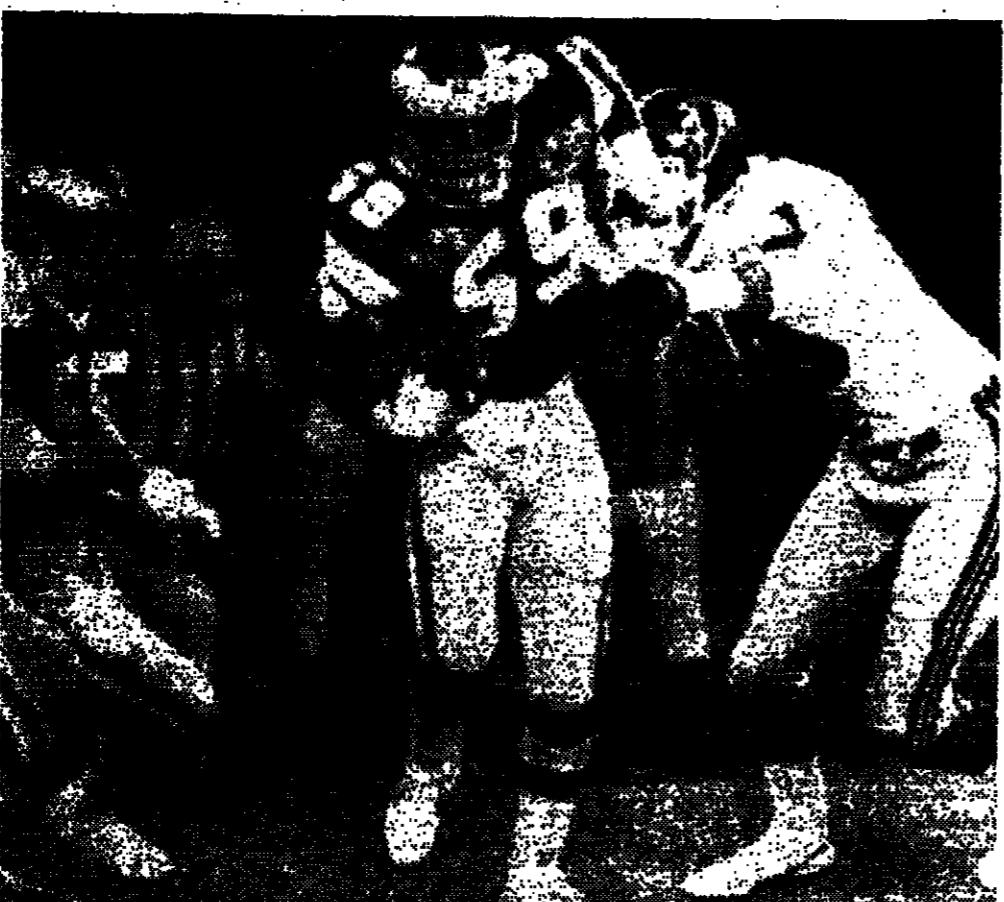
PHILADELPHIA — Two interceptions and a fumble set up three Tony Franklin field goals as the undefeated Philadelphia Eagles beat the Atlanta Falcons, 16-13, in a National Football League game Monday night.

The Eagles without a second-half rally in which Atlanta's Mick Luckhurst kicked a 35-yard field goal and 12 seconds later, cornerback Kenny Johnson returned a fumbled kickoff return 20 yards to cut the Eagles' lead to 13-10 with 4:05 left in the third period.

Philadelphia made it 16-10 with 11:46 left in the game on Franklin's third field goal, a 43-yarder. Atlanta then drove to a first down at the Eagles' 18, and Steve Bartkowski threw to Jenkins in the end zone for a touchdown, but the play was wiped out by a holding penalty.

Luckhurst, an English import who was signed as a free agent, kicked a 43-yard field goal to make it 13-13 with 5:45 left.

Philadelphia's Ron Jaworski completed 17 of 26 passes for 161 yards and a touchdown.



The Associated Press
Philadelphia's Al Chesley (59) slipping away from Atlanta's Mike Kean, right, after he intercepted a Steve Bartkowski pass in the first quarter to set up the Eagles' first field goal.

A Relaxing Day Off With Billy Martin — Well, Not Quite

By Ross Newhan

Los Angeles Times Service

KANSAS CITY, Mo. — Billy Martin, the Oakland manager, sat at a hotel bar here Monday afternoon swapping stories with friends while waiting for A's equipment man Frank Cienarsky, listening via radio in the hotel lobby, bringing him reports on the first game of Kansas City's rescheduled doubleheader in Cleveland.

"Four-up in the fourth," Cienarsky said, sticking his head into the bar.

Martin absorbed the news, then slid a tongue into his cheek and said, "Makes you mad to think that Kansas City had the chance to go to Cleveland today and play a couple games while we're forced to

sit here relaxing, drinking a beer or two."

The atmosphere around Billy Martin seldom stays relaxed for long, this occasion being no exception. He was soon talking about having been lied to by American League president Lee MacPhail and saying they could shave the best of five series for the AL West championship, that it wouldn't start until Kansas City played two more makeup games because the Royals hadn't won anything yet.

Martin was angry at reports that the Indians had just gone through the motions against the Royals, saying "If that's true, they should get the heaviest fine in baseball history. When is the commissioner going to stand up and do something?"

And he was angry simply because he thought the Royals,

seisor of the second best overall record in baseball (64-45 compared to Cincinnati's 66-47) would now play two games here instead of just one.

The first of those games was scheduled Tuesday, with Mike Norris (12-9) of the A's opposing Dennis Leonard (13-11), twice a shutout winner against Oakland in the last three weeks.

Martin was angry at reports that the Indians had just gone through the motions against the Royals, saying "If that's true, they should get the heaviest fine in baseball history. When is the commissioner going to stand up and do something?"

And he was angry simply because he thought the Royals,

forced to go to Cleveland because they lost two of three to the A's here during the last weekend of the regular season, should have been forced to stay there a little longer, concentrating on anything except Tuesday's playoff opener.

Martin's Understanding

It was Martin's understanding that the Royals had to play the second game no matter what happened in the opener. Martin said MacPhail had assured the A's that the Royals would have to play both games, that assurance coming last week when the A's agreed to let Kansas City skip a makeup game against Toronto so that the playoffs could open Tuesday as scheduled.

If the Royals had played and lost Monday's second game in Cleveland and a rescheduled game with Toronto, which would have been played yesterday, the A's would have won the Second Season title and been rewarded with four of the five playoff games at home. When the Toronto game was tossed out ("We've got up purity in the interest of practicality," MacPhail said Wednesday), the second game in Cleveland meant nothing. The Royals, in fact, could even have forfeited it after winning the opener.

"And they could have been fined \$50,000 if they had done that," Martin said.

That kind of a Year

The controversy Martin generated when Cienarsky told him the Royals were on their way back seemed an appropriate addition to a strike-torn season Martin described as an abortion. It also seemed much ado about nothing, particularly since the A's president, Roy Hirschardt, acknowledged he had suggested the plan by which the Royals would travel to Cleveland but pass Toronto. Nevertheless,

"If you hit me to me," Martin said, "I'll come right at your throat. A man's word is his bond. I'd have never agreed to letting Kansas City out of the Toronto game if I had known they were going to play just one game in Cleveland. I don't care if they had cleared the bench and used the rinky-dinks, they were supposed to play the second game."

"I'm going to make some calls. If I find out I've been lied to, they can show the mini-series. It won't start until the Royals play two more games. They can go back to Cleveland tomorrow, play in Toronto Wednesday and we'll open the mini-series Friday. If it's snowing in Toronto, they can play it here, with Toronto the home team."

Martin's misunderstanding seemed to be more with his club president than league president. Eisenhardt acknowledged as much. He also said the playoff would open on schedule and that Martin would cool off by Tuesday.

What Might Have Been

Based on combining the standings of the split season, Milwaukee would have won the AL East by one game over Baltimore with the World Series, if needed, is scheduled Oct. 28, which would be the latest date in history for a championship game.

Four teams — Kansas City and Milwaukee in the American League, and Montreal and Houston in the National — who used the second season as ticket to post-season play, are opening the playoffs at home.

In Tuesday's games, Los Angeles was at Houston in the National

League West and Oakland was at Kansas City in the American League West. The two East series begin Wednesday, with Philadelphia at Montreal in the National League and New York at Milwaukee in the American.

The survivors in each best-of-five series advance to the league championship series, beginning Oct. 13. That will lead to the World Series, starting Oct. 20. Barring rainouts, the seventh game of the World Series, if needed, is scheduled Oct. 28, which would be the latest date in history for a championship game.

The strike-interrupted season caused other oddities as well. Missing from the post-season lineup is the Cincinnati Reds, who had baseball's best overall record this season with a 66-42 mark but finished second to the Dodgers in the first half of the season and to the Astros in the second half.

"Here we are," said the Reds' president, Dick Wagner, "with the best record in baseball, yet we didn't get any of the fruit."

Also absent from the playoffs are the St. Louis Cardinals, who had the best record in the NL East over the full season at 59-43 but also finished second in both halves, first behind the Phillies and then behind the Expos.

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